

# **ANNUAL FINANCIAL REPORT**

## **HOUSTON COUNTY, TENNESSEE**

**FOR THE YEAR ENDED JUNE 30, 2017**



**DIVISION OF LOCAL GOVERNMENT AUDIT**



**ANNUAL FINANCIAL REPORT**  
**HOUSTON COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

***COMPTROLLER OF THE TREASURY***  
***JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT***  
***JAMES R. ARNETTE***  
***Director***

***LEE ANN WEST, CPA, CGFM***  
***Audit Manager***

***TIFFANY NOLEN, CFE***  
***Auditor 4***

***SHELBI TUCKER***  
***BETHANY GRAVES***  
***State Auditors***

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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## HOUSTON COUNTY, TENNESSEE

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# ***Summary of Audit Findings***

Annual Financial Report  
Houston County, Tennessee  
For the Year Ended June 30, 2017

## ***Scope***

We have audited the basic financial statements of Houston County as of and for the year ended June 30, 2017.

## ***Results***

Our report on Houston County's financial statements is unmodified.

Our audit resulted in six findings and recommendations, which we have reviewed with Houston County management. Detailed findings, recommendations, and management's responses are included in the Single Audit section of this report.

## ***Findings***

The following are summaries of the audit findings:

### **OFFICE OF COUNTY MAYOR**

- ◆ General Fund appropriations exceeded estimated available funding.
- ◆ The office did not file Reports on Debt Obligation with the state Comptroller's Office in a timely manner.
- ◆ The office had deficiencies in computer system backup procedures.

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### **OFFICE OF GENERAL SESSIONS AND JUVENILE COURTS CLERK**

- ◆ The General Sessions and Juvenile Courts execution docket trial balances did not reconcile with cash journal accounts.

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### **OFFICE OF SHERIFF**

- ◆ An investigation of the Sheriff's Office disclosed deficiencies in the maintenance of property and evidence records.
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**AMBULANCE SERVICE AND OFFICES OF DIRECTOR OF SCHOOLS,  
COUNTY CLERK, AND REGISTER OF DEEDS**

- ◆ Duties were not segregated adequately.

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## INTRODUCTORY SECTION

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## Houston County Officials

### June 30, 2017

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#### **Officials**

George Clark, County Mayor  
George Dew, Road Superintendent  
Kris McAskill, Director of Schools  
Jimmy Lowery, Trustee  
Joy Hooper, Assessor of Property  
Robert Brown, County Clerk  
Donna Vincent, Circuit, General Sessions, and Juvenile Courts Clerk  
Patsy Brooks, Clerk and Master  
Sherrill Moore, Register of Deeds  
Kevin Sugg, Sheriff

#### **Board of County Commissioners**

George Clark, County Mayor, Chairman  
William Agy  
Joey Brake  
Ray Elliott  
Randall French  
James Fussell  
Martha Greenfield  
Steve Hall

George Jeram  
Darrell Kingsmill  
Brant Lamastus  
Chris Selph  
Howard Spurgeon  
Larry Sykes  
Lance Uffelman

#### **Board of Education**

Kinney Spears, Chairman  
Amanda Fansler  
Charlie Ligon  
Jeff Mathis

Travis Mitchell  
Miller Moore  
Amanda Popp

#### **Audit Committee**

Howard Spurgeon, Chairman  
Randall French

Martha Greenfield  
Brant Lamastus

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## FINANCIAL SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

## Independent Auditor's Report

Houston County Mayor and  
Board of County Commissioners  
Houston County, Tennessee

To the County Mayor and Board of County Commissioners:

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Houston County Community Hospital (the entire business-type activities and a major fund). Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Houston County Community Hospital, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Special Purpose, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of school contributions, schedules of school's proportionate share of the net pension assets, and schedule of funding progress - other postemployment benefits plan on pages 92-97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting

Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Houston County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Houston County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

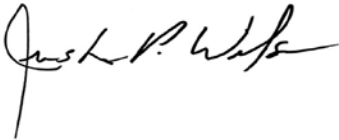
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Houston County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Houston County School Department (a discretely presented component unit), miscellaneous schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2018, on our consideration of Houston County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Houston County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Houston County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a large initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 31, 2018

JPW/sb

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## **BASIC FINANCIAL STATEMENTS**

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## Exhibit A

Houston County, Tennessee  
Statement of Net Position  
June 30, 2017

	Primary Government			Component Unit
	Governmental	Business-type		Houston
	Activities	Activities	Total	County
				School
				Department
<u>ASSETS</u>				
Cash	\$ 8,470	\$ 1,140	\$ 9,610	\$ 714
Equity in Pooled Cash and Investments	2,058,038	0	2,058,038	4,193,640
Inventories	0	63,306	63,306	0
Accounts Receivable	947,185	2,463,910	3,411,095	0
Allowance for Uncollectibles	(590,777)	(1,598,481)	(2,189,258)	0
Due from Other Governments	298,721	0	298,721	111,772
Property Taxes Receivable	3,772,304	0	3,772,304	751,625
Allowance for Uncollectible Property Taxes	(155,568)	0	(155,568)	(30,997)
Prepaid Items	0	12,353	12,353	
Accrued Interest Receivable	0	0	0	12,558
Cash Shortage	0	0	0	1,653
Notes Receivable - Long-term	21,351	0	21,351	0
Net Pension Asset - Teacher Retirement Plan	0	0	0	5,323
Capital Assets:				
Assets Not Depreciated:				
Land	758,147	214,000	972,147	483,220
Construction in Progress	46,364	0	46,364	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	4,554,615	1,651,990	6,206,605	6,612,353
Infrastructure	1,625,974	0	1,625,974	0
Other Capital Assets	1,846,005	253,853	2,099,858	1,092,727
Total Assets	\$ 15,190,829	\$ 3,062,071	\$ 18,252,900	\$ 13,234,588
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred Charge on Refunding	\$ 389,700	\$ 0	\$ 389,700	\$ 0
Pension Changes in Experience	0	0	0	37,243
Pension Changes in Investment Earnings	0	0	0	975,259
Pension Other Deferrals	0	0	0	49,489
Pension Contributions After Measurement Date	0	0	0	464,860
Total Liabilities	\$ 389,700	\$ 0	\$ 389,700	\$ 1,526,851
<u>LIABILITIES</u>				
Accounts Payable	\$ 15,231	\$ 1,078,641	\$ 1,093,872	\$ 37,200
Payroll Deductions Payable	62	0	62	86,907
Contracts Payable	7,028	0	7,028	0
Due to Other Funds	6,307	0	6,307	0
Due to State of Tennessee	379	0	379	0
Due to Cities	1,706	0	1,706	0
Accrued Interest Payable	18,578	0	18,578	0
Accrued Expenses	0	182,768	182,768	0
Noncurrent Liabilities:				
Due Within One Year	1,310,335	0	1,310,335	0
Due in More Than One Year	15,186,671	0	15,186,671	1,203,397
Total Liabilities	\$ 16,546,297	\$ 1,261,409	\$ 17,807,706	\$ 1,327,504

(Continued)



Exhibit A

Houston County, Tennessee  
Statement of Net Position (Cont.)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Houston County School Department
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 3,424,426	\$ 0	\$ 3,424,426	\$ 682,310
Pension Changes in Experience	0	0	0	1,057,171
Pension Other Deferrals	0	0	0	13,819
Total Deferred Inflows of Resources	<u>\$ 3,424,426</u>	<u>\$ 0</u>	<u>\$ 3,424,426</u>	<u>\$ 1,753,300</u>
<u>NET POSITION</u>				
Net Investment in Capital Assets	\$ 6,274,377	\$ 2,119,843	\$ 8,394,220	\$ 8,188,300
Restricted for:				
General Government	304,518	0	304,518	0
Finance	4,129	0	4,129	0
Administration of Justice	27,832	0	27,832	0
Public Safety	236,956	0	236,956	0
Public Health and Welfare	46,281	0	46,281	0
Highway/Public Works	486,231	0	486,231	0
Capital Outlay	74,414	0	74,414	0
Debt Service	569,248	0	569,248	0
Education	0	0	0	4,151
Operation of Non-instructional Services	0	0	0	235,258
Pensions	0	0	0	5,323
Unrestricted	(12,414,180)	(319,181)	(12,733,361)	3,247,603
Total Net Position	<u>\$ (4,390,194)</u>	<u>\$ 1,800,662</u>	<u>\$ (2,589,532)</u>	<u>\$ 11,680,635</u>

The notes to the financial statements are an integral part of this statement.

Exhibit B

Houston County, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2017

					Net (Expense) Revenue and Changes in Net Position				
		Program Revenues			Primary Government			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Houston County School Department	
Functions/Programs	Expenses								
Primary Government:									
Governmental Activities:									
General Government	\$ 1,223,277	\$ 100,033	\$ 69,268	\$ 125,915	\$ (928,061)	\$ 0	\$ (928,061)	\$ 0	
Finance	406,566	244,726	0	0	(161,840)	0	(161,840)	0	
Administration of Justice	429,244	190,483	9,090	0	(229,671)	0	(229,671)	0	
Public Safety	1,980,131	109,453	191,242	151,378	(1,528,058)	0	(1,528,058)	0	
Public Health and Welfare	1,396,842	502,275	57,374	0	(837,193)	0	(837,193)	0	
Social, Cultural, and Recreational Services	319,749	55	5,115	10,000	(304,579)	0	(304,579)	0	
Agriculture and Natural Resources	50,260	0	0	0	(50,260)	0	(50,260)	0	
Highway/Public Works	1,506,488	0	1,395,585	253,376	142,473	0	142,473	0	
Interest on Long-term Debt	455,690	0	484,030	0	28,340	0	28,340	0	
Total Governmental Activities	\$ 7,768,247	\$ 1,147,025	\$ 2,211,704	\$ 540,669	\$ (3,868,849)	\$ 0	\$ (3,868,849)	\$ 0	
Business-type Activities:									
Houston County Community Hospital	\$ 5,687,909	\$ 4,008,183	\$ 10,422	\$ 0	\$ 0	\$ (1,669,304)	\$ (1,669,304)	\$ 0	
Total Primary Government	\$ 13,456,156	\$ 5,155,208	\$ 2,222,126	\$ 540,669	\$ (3,868,849)	\$ (1,669,304)	\$ (5,538,153)	\$ 0	
Component Unit:									
Houston County School Department	\$ 12,038,083	\$ 289,588	\$ 1,782,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ (9,966,085)	
Total Component Unit	\$ 12,038,083	\$ 289,588	\$ 1,782,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ (9,966,085)	

(Continued)

Exhibit B

Houston County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Unit
					Governmental Activities	Business- type Activities	Total	Houston County School Department
General Revenues:								
Taxes:								
Property Taxes Levied for General Purposes					\$ 3,181,207	\$ 0	\$ 3,181,207	\$ 704,518
Property Taxes Levied for Debt Service					18	0	18	0
Local Option Sales Taxes					76,405	0	76,405	594,314
Hotel/Motel Tax					18,691	0	18,691	0
Wheel Tax					339,310	0	339,310	0
Litigation Tax					21,498	0	21,498	0
Business Tax					14,952	0	14,952	22,427
Wholesale Beer Tax					16,560	0	16,560	0
Other Local Taxes					428	0	428	628
Grants and Contributions Not Restricted to Specific Programs					301,925	503,209	805,134	8,705,234
Unrestricted Investment Income					0	0	0	25,284
Miscellaneous					159,040	0	159,040	31,930
Gain on Disposal of Capital Assets					144,603	0	144,603	0
Total General Revenues					\$ 4,274,637	\$ 503,209	\$ 4,777,846	\$ 10,084,335
Transfers					\$ (510,078)	\$ 510,078	\$ 0	\$ 0
Change in Net Position					\$ (104,290)	\$ (656,017)	\$ (760,307)	\$ 118,250
Net Position, July 1, 2016					(4,285,904)	2,456,679	(1,829,225)	11,562,385
Net Position, June 30, 2017					\$ (4,390,194)	\$ 1,800,662	\$ (2,589,532)	\$ 11,680,635

The notes to the financial statements are an integral part of this statement.

Exhibit C-1

Houston County, Tennessee  
Balance Sheet  
Governmental Funds  
June 30, 2017

	Major Funds				Nonmajor Funds	
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,470	\$ 8,470
Equity in Pooled Cash and Investments	710,378	27,106	523,085	506,221	291,248	2,058,038
Accounts Receivable	947,165	0	0	0	20	947,185
Allowance for Uncollectibles	(590,777)	0	0	0	0	(590,777)
Due from Other Governments	60,180	0	238,541	0	0	298,721
Due from Other Funds	0	0	0	75	0	75
Property Taxes Receivable	2,640,823	850,896	14,181	0	266,404	3,772,304
Allowance for Uncollectible Property Taxes	(109,659)	(35,090)	(584)	0	(10,235)	(155,568)
Notes Receivable - Long-term	0	0	0	21,351	0	21,351
Total Assets	<u>\$ 3,658,110</u>	<u>\$ 842,912</u>	<u>\$ 775,223</u>	<u>\$ 527,647</u>	<u>\$ 555,907</u>	<u>\$ 6,359,799</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 273	\$ 0	\$ 14,958	\$ 0	\$ 0	\$ 15,231
Payroll Deductions Payable	62	0	0	0	0	62
Contracts Payable	0	0	7,028	0	0	7,028
Due to Other Funds	6,307	75	0	0	0	6,382
Due to State of Tennessee	379	0	0	0	0	379
Due to Cities	1,706	0	0	0	0	1,706
Total Liabilities	<u>\$ 8,727</u>	<u>\$ 75</u>	<u>\$ 21,986</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,788</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 2,394,523	\$ 772,427	\$ 12,874	\$ 0	\$ 244,602	\$ 3,424,426
Deferred Delinquent Property Taxes	115,091	36,538	609	0	9,743	161,981

(Continued)

Exhibit C-1

Houston County, Tennessee  
Balance Sheet  
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Other Deferred/Unavailable Revenue	\$ 320,371	\$ 0	\$ 123,493	\$ 0	\$ 0	\$ 443,864
Total Deferred Inflows of Resources	\$ 2,829,985	\$ 808,965	\$ 136,976	\$ 0	\$ 254,345	\$ 4,030,271
<u>FUND BALANCES</u>						
Restricted:						
Restricted for General Government	\$ 4,149	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,149
Restricted for Finance	4,129	0	0	0	0	4,129
Restricted for Administration of Justice	27,832	0	0	0	0	27,832
Restricted for Public Safety	32,354	0	0	0	204,602	236,956
Restricted for Other Operations	296,385	0	0	0	0	296,385
Restricted for Highways/Public Works	0	0	387,894	0	0	387,894
Restricted for Capital Outlay	0	0	0	0	20,036	20,036
Restricted for Debt Service	0	0	0	194,784	0	194,784
Restricted for Capital Projects	0	0	0	0	54,378	54,378
Committed:						
Committed for General Government	454,549	0	0	0	240	454,789
Committed for Finance	0	0	0	0	8,250	8,250
Committed for Public Health and Welfare	0	33,872	0	0	14,056	47,928
Committed for Highways/Public Works	0	0	228,367	0	0	228,367
Committed for Debt Service	0	0	0	332,863	0	332,863
Total Fund Balances	\$ 819,398	\$ 33,872	\$ 616,261	\$ 527,647	\$ 301,562	\$ 2,298,740
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,658,110	\$ 842,912	\$ 775,223	\$ 527,647	\$ 555,907	\$ 6,359,799

The notes to the financial statements are an integral part of this statement.

Exhibit C-2

Houston County, Tennessee

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2017

Amounts reported for governmental activities in the statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$	2,298,740
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	758,147	
Add: construction in progress		46,364	
Add: buildings and improvements net of accumulated depreciation		4,554,615	
Add: infrastructure net of accumulated depreciation		1,625,974	
Add: other capital assets net of accumulated depreciation		<u>1,846,005</u>	8,831,105
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: notes payable	\$	(1,655,641)	
Less: other loans payable		(6,886,200)	
Less: bonds payable		(7,315,544)	
Add: deferred amount on refunding		389,700	
Less: accrued interest on notes and bonds		(18,578)	
Less: compensated absences payable		(22,423)	
Less: other postemployment benefits liability		(3,869)	
Less: landfill closure/postclosure care costs		<u>(613,329)</u>	(16,125,884)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>605,845</u>
Net position of governmental activities (Exhibit A)		\$	<u><u>(4,390,194)</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit C-3

Houston County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2017

	Major Funds				Nonmajor Funds	
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 2,674,556	\$ 446,088	\$ 13,188	\$ 339,328	\$ 214,650	\$ 3,687,810
Licenses and Permits	1,637	0	0	0	0	1,637
Fines, Forfeitures, and Penalties	35,852	0	0	0	32,187	68,039
Charges for Current Services	659,420	0	0	0	81,994	741,414
Other Local Revenues	78,384	0	2,905	0	5,129	86,418
Fees Received From County Officials	304,403	0	0	0	0	304,403
State of Tennessee	586,322	0	1,645,009	0	59,101	2,290,432
Federal Government	9,807	0	0	70,000	201,724	281,531
Other Governments and Citizens Groups	174,338	0	0	485,742	5,569	665,649
Total Revenues	\$ 4,524,719	\$ 446,088	\$ 1,661,102	\$ 895,070	\$ 600,354	\$ 8,127,333
<u>Expenditures</u>						
Current:						
General Government	\$ 635,687	\$ 0	\$ 0	\$ 0	\$ 0	\$ 635,687
Finance	306,773	0	0	0	65,412	372,185
Administration of Justice	364,638	0	0	0	12,540	377,178
Public Safety	1,743,617	0	0	0	139,190	1,882,807
Public Health and Welfare	797,187	158,009	0	0	286,709	1,241,905
Social, Cultural, and Recreational Services	204,180	0	0	0	0	204,180
Agriculture and Natural Resources	48,921	0	0	0	0	48,921
Other Operations	636,417	15,787	0	0	237,819	890,023
Highways	0	0	1,578,292	0	0	1,578,292
Debt Service:						
Principal on Debt	0	0	56,033	1,112,346	0	1,168,379
Interest on Debt	0	0	8,771	434,218	0	442,989
Other Debt Service	0	0	0	7,926	0	7,926

(Continued)

Exhibit C-3

Houston County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Governmental Funds (Cont.)

	Major Funds				Nonmajor Funds	
	General	Special Purpose	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Capital Projects	\$ 154,100	\$ 0	\$ 0	\$ 0	\$ 5,805	\$ 159,905
Total Expenditures	\$ 4,891,520	\$ 173,796	\$ 1,643,096	\$ 1,554,490	\$ 747,475	\$ 9,010,377
Excess (Deficiency) of Revenues Over Expenditures	\$ (366,801)	\$ 272,292	\$ 18,006	\$ (659,420)	\$ (147,121)	\$ (883,044)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 541,432	\$ 0	\$ 0	\$ 0	\$ 0	\$ 541,432
Proceeds from Sale of Capital Assets	0	0	0	0	244,564	244,564
Insurance Recovery	6,569	55	0	0	6,569	13,193
Transfers Out	0	(510,078)	0	0	0	(510,078)
Total Other Financing Sources (Uses)	\$ 548,001	\$ (510,023)	\$ 0	\$ 0	\$ 251,133	\$ 289,111
Net Change in Fund Balances	\$ 181,200	\$ (237,731)	\$ 18,006	\$ (659,420)	\$ 104,012	\$ (593,933)
Fund Balance, July 1, 2016	638,198	271,603	598,255	1,187,067	197,550	2,892,673
Fund Balance, June 30, 2017	\$ 819,398	\$ 33,872	\$ 616,261	\$ 527,647	\$ 301,562	\$ 2,298,740

The notes to the financial statements are an integral part of this statement.



Exhibit C-4

Houston County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit C-3)		\$	(593,933)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	771,408	
Less: current-year depreciation expense		(690,091)	81,317
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: book value of capital assets disposed			(99,961)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$	605,845	
Less: deferred delinquent property taxes and other deferred June 30, 2016		(703,746)	(97,901)
(4) The issuance of long-term debt (e.g., notes, bonds, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Less: note proceeds	\$	(541,432)	
Less: change in deferred amount on refunding debt		(18,996)	
Add: principal payments on notes		424,363	
Add: principal payments on other loans		600,000	
Add: principal payments on bonds		144,016	607,951
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.			
Change in accrued interest payable	\$	6,295	
Change in compensated absences payable		(2,883)	
Change in other postemployment benefits liability		(1,804)	
Change in landfill closure/postclosure care costs		(3,371)	(1,763)
Change in net position of governmental activities (Exhibit B)		\$	<u>(104,290)</u>

The notes to the financial statements are an integral part of this statement.

## Exhibit C-5

Houston County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,674,556	\$ 2,635,153	\$ 2,593,153	\$ 81,403
Licenses and Permits	1,637	0	0	1,637
Fines, Forfeitures, and Penalties	35,852	31,250	31,250	4,602
Charges for Current Services	659,420	590,900	593,532	65,888
Other Local Revenues	78,384	45,500	102,615	(24,231)
Fees Received From County Officials	304,403	255,500	255,500	48,903
State of Tennessee	586,322	893,993	1,327,215	(740,893)
Federal Government	9,807	172,000	172,000	(162,193)
Other Governments and Citizens Groups	174,338	174,066	198,066	(23,728)
Total Revenues	\$ 4,524,719	\$ 4,798,362	\$ 5,273,331	\$ (748,612)
<u>Expenditures</u>				
<u>General Government</u>				
County Commission	\$ 86,700	\$ 43,113	\$ 92,144	\$ 5,444
Board of Equalization	1,084	1,748	1,748	664
Budget and Finance Committee	5,440	5,543	5,543	103
Other Boards and Committees	17,181	22,323	22,323	5,142
County Mayor/Executive	145,802	148,091	148,101	2,299
County Attorney	19,138	19,788	19,788	650
Election Commission	143,373	165,503	165,503	22,130
Register of Deeds	94,408	100,579	100,579	6,171
Development	4,510	520,000	1,054,000	1,049,490
Planning	11,109	11,315	11,315	206
Building	7,000	7,500	7,500	500
County Buildings	80,080	82,441	85,442	5,362
Other General Administration	19,862	21,000	21,000	1,138
<u>Finance</u>				
Central Services	16,289	16,498	16,498	209
Property Assessor's Office	94,108	94,979	94,979	871
Reappraisal Program	5,557	8,566	8,566	3,009
County Trustee's Office	115,214	116,769	116,769	1,555
County Clerk's Office	74,989	90,264	91,152	16,163
Data Processing	616	2,638	2,638	2,022
<u>Administration of Justice</u>				
Circuit Court	141,504	142,820	142,820	1,316
General Sessions Judge	61,302	61,987	61,987	685
Chancery Court	98,170	98,850	98,850	680
Juvenile Court	46,840	51,451	51,451	4,611
District Attorney General	2,585	2,585	2,585	0
Judicial Commissioners	14,237	14,239	14,239	2
Other Administration of Justice	0	1,097	1,097	1,097
<u>Public Safety</u>				
Sheriff's Department	452,350	473,628	464,313	11,963
Special Patrols	4,333	3,990	8,990	4,657
Drug Enforcement	2,400	3,000	3,000	600
Administration of the Sexual Offender Registry	100	2,000	2,000	1,900
Jail	588,232	607,854	619,086	30,854
Workhouse	114,857	0	166,271	51,414

(Continued)

## Exhibit C-5

Houston County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Expenditures (Cont.)</u>				
<u>Public Safety (Cont.)</u>				
Fire Prevention and Control	\$ 83,295	\$ 91,823	\$ 94,228	\$ 10,933
Rural Fire Protection	292,928	7,408	298,841	5,913
Other Emergency Management	192,564	208,114	208,114	15,550
County Coroner/Medical Examiner	12,558	17,000	17,000	4,442
<u>Public Health and Welfare</u>				
Local Health Center	34,075	37,297	37,297	3,222
Ambulance/Emergency Medical Services	665,187	709,092	713,946	48,759
Maternal and Child Health Services	0	632	0	0
Other Local Health Services	43,872	28,000	52,638	8,766
General Welfare Assistance	20,890	21,602	21,602	712
Sanitation Education/Information	33,163	33,700	33,701	538
<u>Social, Cultural, and Recreational Services</u>				
Adult Activities	47,890	48,890	48,890	1,000
Libraries	118,858	119,801	119,801	943
Parks and Fair Boards	2,032	4,500	4,500	2,468
Other Social, Cultural, and Recreational	35,400	35,400	35,400	0
<u>Agriculture and Natural Resources</u>				
Agricultural Extension Service	40,056	42,063	42,063	2,007
Forest Service	0	1,500	1,500	1,500
Soil Conservation	8,865	11,702	11,702	2,837
<u>Other Operations</u>				
Tourism	47,052	51,486	51,486	4,434
Other Economic and Community Development	67,770	94,595	94,595	26,825
Airport	41,902	58,104	60,439	18,537
Veterans' Services	18,148	19,756	19,756	1,608
Other Charges	62,312	60,000	66,569	4,257
Contributions to Other Agencies	0	2,500	2,500	2,500
Employee Benefits	227,740	242,000	239,665	11,925
Payments to Cities	9,669	10,000	10,000	331
Miscellaneous	161,824	173,836	173,836	12,012
<u>Principal on Debt</u>				
General Government	0	512,000	500,000	500,000
<u>Capital Projects</u>				
General Administration Projects	23,615	12,000	24,000	385
Public Safety Projects	0	0	142,000	142,000
Public Health and Welfare Projects	117,746	118,000	118,000	254
Social, Cultural, and Recreation Projects	10,000	10,000	10,000	0
Other General Government Projects	2,739	0	52,632	49,893
Total Expenditures	\$ 4,891,520	\$ 5,724,960	\$ 7,008,978	\$ 2,117,458
Excess (Deficiency) of Revenues Over Expenditures	\$ (366,801)	\$ (926,598)	\$ (1,735,647)	\$ 1,368,846
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 541,432	\$ 500,000	\$ 892,000	\$ (350,568)
Insurance Recovery	6,569	0	6,569	0
Total Other Financing Sources	\$ 548,001	\$ 500,000	\$ 898,569	\$ (350,568)

(Continued)

## Exhibit C-5

Houston County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Fund (Cont.)

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
Net Change in Fund Balance	\$ 181,200	\$ (426,598)	\$ (837,078)	\$ 1,018,278
Fund Balance, July 1, 2016	638,198	543,121	543,121	95,077
Fund Balance, June 30, 2017	<u>\$ 819,398</u>	<u>\$ 116,523</u>	<u>\$ (293,957)</u>	<u>\$ 1,113,355</u>

The notes to the financial statements are an integral part of this statement.

## Exhibit C-6

Houston County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Special Purpose Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 446,088	\$ 0	\$ 435,965	\$ 10,123
Total Revenues	\$ 446,088	\$ 0	\$ 435,965	\$ 10,123
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Local Health Services	\$ 158,009	\$ 265,545	\$ 176,488	\$ 18,479
<u>Other Operations</u>				
Other Charges	15,787	1,000	15,943	156
<u>Support Services</u>				
Health Services	0	357	357	357
Total Expenditures	\$ 173,796	\$ 266,902	\$ 192,788	\$ 18,992
Excess (Deficiency) of Revenues Over Expenditures	\$ 272,292	\$ (266,902)	\$ 243,177	\$ 29,115
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 55	\$ 0	\$ 0	\$ 55
Transfers Out	(510,078)	0	(510,078)	0
Total Other Financing Sources	\$ (510,023)	\$ 0	\$ (510,078)	\$ 55
Net Change in Fund Balance	\$ (237,731)	\$ (266,902)	\$ (266,901)	\$ 29,170
Fund Balance, July 1, 2016	271,603	266,902	266,902	4,701
Fund Balance, June 30, 2017	\$ 33,872	\$ 0	\$ 1	\$ 33,871

The notes to the financial statements are an integral part of this statement.

## Exhibit C-7

Houston County, Tennessee  
Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Highway/Public Works Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 13,188	\$ 14,229	\$ 14,229	\$ (1,041)
Other Local Revenues	2,905	1,500	2,335	570
State of Tennessee	1,645,009	1,574,539	1,574,539	70,470
Total Revenues	<u>\$ 1,661,102</u>	<u>\$ 1,590,268</u>	<u>\$ 1,591,103</u>	<u>\$ 69,999</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 152,519	\$ 152,469	\$ 155,479	\$ 2,960
Highway and Bridge Maintenance	674,778	697,144	729,915	55,137
Operation and Maintenance of Equipment	201,857	210,013	221,913	20,056
Other Charges	56,922	63,600	60,537	3,615
Employee Benefits	224,288	234,845	240,427	16,139
Capital Outlay	267,928	395,645	382,230	114,302
<u>Principal on Debt</u>				
Highways and Streets	56,033	55,329	56,033	0
<u>Interest on Debt</u>				
Highways and Streets	8,771	10,250	9,546	775
Total Expenditures	<u>\$ 1,643,096</u>	<u>\$ 1,819,295</u>	<u>\$ 1,856,080</u>	<u>\$ 212,984</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 18,006</u>	<u>\$ (229,027)</u>	<u>\$ (264,977)</u>	<u>\$ 282,983</u>
Net Change in Fund Balance	\$ 18,006	\$ (229,027)	\$ (264,977)	\$ 282,983
Fund Balance, July 1, 2016	598,255	265,875	265,875	332,380
Fund Balance, June 30, 2017	<u>\$ 616,261</u>	<u>\$ 36,848</u>	<u>\$ 898</u>	<u>\$ 615,363</u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-1

Houston County, Tennessee  
Statement of Net Position  
Proprietary Fund  
June 30, 2017

	Business-type Activities - Major Fund
	<u>Houston County Community Hospital</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 1,140
Inventories	63,306
Accounts Receivable	2,463,910
Allowance for Uncollectibles	(1,598,481)
Prepaid Items	12,353
Total Current Assets	<u>\$ 942,228</u>
Noncurrent Assets:	
Capital Assets:	
Assets Not Depreciated:	
Land	\$ 214,000
Assets Net of Accumulated Depreciation:	
Buildings and Improvements	1,651,990
Other Capital Assets	253,853
Total Noncurrent Assets	<u>\$ 2,119,843</u>
Total Assets	<u>\$ 3,062,071</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 1,078,641
Accrued Expenses	182,768
Total Liabilities	<u>\$ 1,261,409</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	\$ 2,119,843
Unrestricted	<u>(319,181)</u>
Total Net Position	<u>\$ 1,800,662</u>

The notes to the financial statements are an integral part of this statement.

Exhibit D-2

Houston County, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Fund  
For the Year Ended June 30, 2017

	Business-type Activities - Major Fund
	Houston County Community Hospital
<u>Operating Revenues</u>	
Patient Service Revenue	\$ 12,206,373
Provision for Contractual Adjustments	(7,874,751)
Provision for Uncollectible Accounts	(823,794)
Other Operating Revenue	500,355
Total Operating Revenues	<u>\$ 4,008,183</u>
<u>Operating Expenses</u>	
Salaries and Wages	\$ 2,091,731
Professional Fees	943,295
Supplies and Other	484,774
Purchased Services	655,696
Employee Benefits	324,641
Depreciation	180,361
Utilities	151,525
Repairs and Maintenance	147,419
Contract Labor	396,246
Other Operating Expenses	73,671
Rent	101,924
Taxes and Insurance	43,285
Total Operating Expenses	<u>\$ 5,594,568</u>
Operating Income (Loss)	<u>\$ (1,586,385)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Grant Revenue	\$ 10,422
Provision for Penalty and Contract Claim	(93,341)
Total Nonoperating Revenues (Expenses)	<u>\$ (82,919)</u>
Income (Loss) Before Contributions and Transfers	\$ (1,669,304)
Contributions, Net	503,209
Transfers In	510,078
Change in Net Position	<u>\$ (656,017)</u>
Net Position, July 1, 2016	<u>2,456,679</u>
Net Position, June 30, 2017	<u><u>\$ 1,800,662</u></u>

The notes to the financial statements are an integral part of this statement.



Exhibit D-3

Houston County, Tennessee  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended June 30, 2017

	Business-type Activities - Major Fund
	<u>Houston County Community Hospital</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from and on Behalf of Patients	\$ 3,687,235
Payments to Suppliers and Contractors	(2,597,359)
Payments to Employees	(2,444,343)
Other Receipts and Payments	502,154
Net Cash Provided By (Used In) Operating Activities	<u>\$ (852,313)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Purchase of Capital Assets	\$ (16,044)
Net Cash Provided By (Used In) Capital and Related Financing Activities	<u>\$ (16,044)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Grants	\$ 10,422
Contributions	345,200
Transfers from Other Funds	510,078
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 865,700</u>
Net Increase (Decrease) in Cash	\$ (2,657)
Cash, July 1, 2016	<u>3,797</u>
Cash, June 30, 2017	<u><u>\$ 1,140</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (1,586,385)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Depreciation Expense	180,361
Provision for Bad Debts	823,794
Contributions for Operating Expenses	30,905
Changes in Assets and Liabilities:	
(Increase) Decrease in Restricted Cash	1,799
(Increase) Decrease in Accounts Receivable	(644,387)

(Continued)

Exhibit D-3

Houston County, Tennessee  
Statement of Cash Flows  
Proprietary Fund (Cont.)

	Business-type Activities - Major Fund <u>Houston County Community Hospital</u>
<u>Provided By (Used In) Operating Activities (Cont.)</u>	
(Increase) Decrease in Inventories	\$ (555)
(Increase) Decrease in Prepaid Items	(534)
Increase (Decrease) in Accounts Payable	370,660
Increase (Decrease) in Accrued Expenses	<u>(27,971)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (852,313)</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	<u>\$ 1,140</u>
Cash, June 30, 2017	<u><u>\$ 1,140</u></u>

The notes to the financial statements are an integral part of this statement.

Exhibit E

Houston County, Tennessee  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Funds  
June 30, 2017

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 182,990
Accounts Receivable	4
Due from Other Governments	<u>91,291</u>
Total Assets	<u><u>\$ 274,285</u></u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 91,291
Due to Litigants, Heirs, and Others	<u>182,994</u>
Total Liabilities	<u><u>\$ 274,285</u></u>

The notes to the financial statements are an integral part of this statement.

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## HOUSTON COUNTY, TENNESSEE

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**HOUSTON COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Houston County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Houston County:

**A. Reporting Entity**

Houston County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Houston County (the primary government) and its component units. The financial statements of the Houston County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of the omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

**Discretely Presented Component Units** – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Houston County School Department operates the public school system in the county, and the voters of Houston County elect its board. The School Department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Houston County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Houston County, and the Houston County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Houston County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Houston County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the School Department are included in this report as listed in the table of contents. Complete financial statements of the Houston County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Houston County Emergency Communications District  
P.O. Box 333  
Erin, TN 37061

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Houston County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Houston County issues all debt for the discretely presented Houston County School Department. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2017.

Separate financial statements are provided for governmental funds, the proprietary fund (enterprise), and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Houston County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Houston County only reports one proprietary fund, a major enterprise fund.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The fiduciary funds in total are reported in a single column.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Houston County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual



and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Houston County reports the following major governmental funds:

**General Fund** – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Special Purpose Fund** – This special revenue fund accounts for transactions of the county’s acquisition of a local hospital and subsequent transfers for operations. Local taxes are the primary financing source for this fund.

**Highway/Public Works Fund** – This special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

**General Debt Service Fund** – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Houston County reports the following major proprietary fund:

**Houston County Community Hospital Fund** – This fund provides health care and emergency medical services to the citizens of Houston County and is governed by the county commission. The Houston County Community Hospital is reported as an enterprise fund.

Additionally, Houston County reports the following fund types:

**Capital Projects Funds** – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Agency Funds** – These funds account for amounts collected in an agency capacity by the constitutional officers and local sales taxes received by the state to be forwarded to the various cities in Houston County. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Houston County School Department reports the following major governmental fund:

**General Purpose School Fund** – This fund is the primary operating fund for the School Department. It is used to account for general operations of the School Department.

Additionally, the Houston County School Department reports the following fund type:

**Special Revenue Funds** – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position /Fund Balance**

**1. Deposits and Investments**

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds (excluding the Houston County Community Hospital, enterprise fund) and the discretely presented Houston County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the discretely presented School Department's General Purpose School Fund. Houston County (excluding the Houston County Community Hospital, enterprise fund) and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

## **2. Receivables and Payables**

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

Long-term notes receivable, as reported in the General Debt Service Fund financial statements, is included in restricted fund balance.

All ambulance and property taxes receivables are shown with an allowance for uncollectibles. Ambulance receivables allowance for uncollectibles is based on historical collection data. The allowance for uncollectible property taxes is equal to 2.22 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of

year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

### **3. Capital Assets**

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government (excluding the Houston County Community Hospital, enterprise fund) as assets with an initial, individual cost of \$10,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government (excluding the Houston County Community Hospital, enterprise fund) and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	
	Primary Government	Houston County School Department
Buildings and Improvements	25 - 40 or life of note	10 - 40
Other Capital Assets	5 - 12	5 - 20
Infrastructure:		
Roads	8 - 20	
Bridges	30	

#### 4. **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for the deferred charge on refunding, pension changes in experience and investment earnings, pension changes in proportion of net pension liability (asset), and employer contributions made to the pension plan after the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in proportion of net pension liability (asset), and various receivables for revenues, which do not meet the availability criteria in governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### 5. **Compensated Absences**

The policy of Houston County, except for the Highway Department and excluding the Houston County Community Hospital, does not permit its employees to accumulate sick or vacation days beyond the fiscal year and therefore is not required to be accrued or recorded.

It is the policy of the Highway Department to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the department does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

The general policy of the discretely presented Houston County School Department permits the unlimited accumulation of unused sick leave for professional personnel (teachers). Nonprofessional personnel are allowed to accumulate a limited amount of sick leave. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded. No provisions exist for accruing vacation leave.

## **6. Long-term Obligations**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences, landfill postclosure care costs, other postemployment benefits, and pension liabilities, are

recognized to the extent that the liabilities have matured (come due for payment) each period.

## **7. Net Position and Fund Balance**

In the government-wide financial statements and the proprietary fund type in the fund financial statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$1,749,609 of restricted net position, in governmental activities for the primary government, of which \$300,369 is restricted by enabling legislation.

As of June 30, 2017, Houston County had \$5,709,983 in outstanding debt for capital purposes for the discretely presented Houston County School Department. This debt is a liability of Houston County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Houston County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county commission has by resolution authorized the county's Budget Committee to make assignments for the general government. The Board of Education makes assignments for the School Department.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

**E. Pension Plan**

**Discretely Presented Houston County School Department**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by



the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

## **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position**

#### **Primary Government**

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

#### **Discretely Presented Houston County School Department**

Exhibit J-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

### **B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities**

#### **Primary Government**

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the changes in net position of governmental activities reported in the government-wide Statement of Activities.

#### **Discretely Presented Houston County School Department**

Exhibit J-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

## **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not

budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and GAAP basis is presented on the face of each budgetary schedule.

## **B. Cash Shortages – Prior Years**

The audit of Houston County for the 2013-14 year reported a cash shortage of \$4,453.33 in the Office of Director of Schools. Our investigation revealed the former payroll clerk had issued herself an extra payroll check (\$1,583.33) and had failed to withhold the required amount ordered by the U.S. Bankruptcy Court from her payroll check in four instances (\$2,870.00). A portion of the cash shortage was recovered through payroll deductions before the clerk left employment with the School Department, leaving an outstanding shortage of \$2,152.50 at June 30, 2015. The former payroll clerk pled guilty to theft on September 28, 2015, and was ordered to pay restitution of \$2,152.50. As of June 30, 2017, the uncollected restitution totaled \$1,652.50. On October 2, 2017, the remaining cash shortage was liquidated when restitution of \$1,652.50 was received from the former payroll clerk.

On October 20, 2016, the Comptroller's Office issued a special report on the Houston County Clerk's Office for the period July 1, 2014, through May 10, 2016. This report disclosed that a cash shortage of at least \$3,553.15 existed in the office on May 10, 2016. The cash shortage resulted from a deputy clerk improperly modifying and deleting transactions after collecting funds. This report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov). On November 16, 2016, the cash shortage was liquidated when restitution of \$3,553.15 was received from the former deputy clerk. On April 24, 2017, the former deputy clerk pled guilty to the theft of these funds and was approved for judicial diversion after the completion of two years of supervised probation.

**C. Appropriations Exceeded Estimated Available Funding**

The budget and subsequent amendments approved by the county commission for the General Fund resulted in appropriations exceeding estimated available funding by \$293,957.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

Houston County (excluding the Houston County Community Hospital, enterprise fund) and the Houston County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position represents nonpooled amounts held separately by individual funds.

**Deposits**

**Legal Provisions.** All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

## **Investments**

**Legal Provisions.** Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2017.

### **B. Notes Receivable**

During 2004-05, Houston County provided funding to the Houston County Emergency Communications District for the construction of an emergency communications tower. The district agreed to repay \$219,430 to the county over a 12-year period with an annual interest rate of 4.6 percent. This note receivable has a balance of \$21,351 at June 30, 2017, and is included in the restricted fund balance of the General Debt Service Fund.

### **C. Capital Assets**

Capital assets activity for the year ended June 30, 2017, was as follows:

## **Primary Government**

### **Governmental Activities:**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 758,147	\$ 0	\$ 0	\$ 758,147
Construction in Progress	27,556	36,562	(17,754)	46,364
Total Capital Assets Not Depreciated	<u>\$ 785,703</u>	<u>\$ 36,562</u>	<u>\$ (17,754)</u>	<u>\$ 804,511</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 6,161,091	\$ 0	\$ 0	\$ 6,161,091
Infrastructure	2,031,365	237,315	0	2,268,680
Other Capital Assets	6,364,615	515,285	(178,324)	6,701,576
Total Capital Assets Depreciated	<u>\$ 14,557,071</u>	<u>\$ 752,600</u>	<u>\$ (178,324)</u>	<u>\$ 15,131,347</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,444,475	\$ 162,001	\$ 0	\$ 1,606,476
Infrastructure	543,386	99,320	0	642,706
Other Capital Assets	4,505,164	428,770	(78,363)	4,855,571
Total Accumulated Depreciation	<u>\$ 6,493,025</u>	<u>\$ 690,091</u>	<u>\$ (78,363)</u>	<u>\$ 7,104,753</u>
Total Capital Assets Depreciated, Net	<u>\$ 8,064,046</u>	<u>\$ 62,509</u>	<u>\$ (99,961)</u>	<u>\$ 8,026,594</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,849,749</u>	<u>\$ 99,071</u>	<u>\$ (117,715)</u>	<u>\$ 8,831,105</u>

Depreciation expense was charged to functions of the primary government as follows:

**Governmental Activities:**

General Government	\$ 89,897
Finance	2,163
Administration of Justice	9,733
Public Safety	361,232
Public Health and Welfare	56,414
Social, Cultural, and Recreational Services	11,108
Agriculture and Natural Resources	1,339
Highway/Public Works	<u>158,205</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 690,091</u>
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**Discretely Presented Houston County School Department****Governmental Activities:**

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Depreciated:				
Land	\$ 483,220	\$ 0	\$ 0	\$ 483,220
Construction in Progress	0	0	0	0
Total Capital Assets Not Depreciated	<u>\$ 483,220</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 483,220</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 14,677,016	\$ 30,059	\$ 0	\$ 14,707,075
Other Capital Assets	3,192,470	126,955	(53,997)	3,265,428
Total Capital Assets Depreciated	<u>\$ 17,869,486</u>	<u>\$ 157,014</u>	<u>\$ (53,997)</u>	<u>\$ 17,972,503</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,718,858	\$ 375,864	\$ 0	\$ 8,094,722
Other Capital Assets	2,083,674	143,024	(53,997)	2,172,701
Total Accumulated Depreciation	<u>\$ 9,802,532</u>	<u>\$ 518,888</u>	<u>\$ (53,997)</u>	<u>\$ 10,267,423</u>
Total Capital Assets Depreciated, Net	<u>\$ 8,066,954</u>	<u>\$ (361,874)</u>	<u>\$ 0</u>	<u>\$ 7,705,080</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,550,174</u>	<u>\$ (361,874)</u>	<u>\$ 0</u>	<u>\$ 8,188,300</u>

Depreciation expense was charged to functions of the discretely presented Houston County School Department as follows:

**Governmental Activities:**

Instruction	\$ 190,907
Support Services	299,611
Operation of Non-instructional Services	<u>28,370</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 518,888</u>

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2017, was as follows:

**Due to/from Other Funds:**

Receivable Fund	Payable Fund	Amount
General Debt Service	Special Purpose	\$ 75
Hospital	General	6,307

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

The receivable in the Hospital Fund totaling \$6,307 was in transit from the General Fund at June 30, 2017.

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2017, consisted of the following amounts:

Transfer Out	<u>Transfer In Hospital Fund</u>
Special Purpose Fund	\$ 510,078

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.

**E. Long-term Obligations**

**Primary Government**

**General Obligation Bonds, Notes, and Other Loans**

Houston County (excluding the Houston County Community Hospital, enterprise fund) issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 39 years for bonds, up to 12 years for notes, and up to 27 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2017, will be retired from the General Debt Service and Highway/Public Works funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2017, for governmental activities are as follows:

Type	Interest Rate		Final Maturity	Original Amount of Issue	Balance 6-30-17
General Obligation Bonds	4 to 4.625	%	12-28-17	\$ 606,500	\$ 11,535
General Obligation Bonds - Refunding	3.125		9-14-52	7,500,000	7,304,009
Capital Outlay Notes	2.44 to 4.19		5-26-28	3,098,140	1,655,641
Other Loans	variable		5-25-27	13,446,200	6,886,200

In prior years, Houston County entered into loan agreements with the Montgomery County Public Building Authority. Under these loan agreements, the authority loaned \$12,800,000 to Houston County and made another \$1,200,000 available for loan to Houston County on an as-needed basis for various renovation and construction projects. As of June 30, 2017, Houston County had drawn \$646,200 of the available \$1,200,000 loan. The loans are repayable at an interest rate that is a tax-exempt variable rate determined by the remarketing agent weekly. In addition, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. At June 30, 2017, the variable interest rates were .96 percent on the loans. Other fees totaled 1.2 percent (letter of credit fee), .08 percent (remarketing fee), and .15 percent (trustee fee) of the outstanding loan principal.



The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2017, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 128,235	\$ 226,733	\$ 354,968
2019	120,300	222,600	342,900
2020	124,100	218,800	342,900
2021	128,050	214,850	342,900
2022	132,150	210,750	342,900
2023-2027	726,200	988,300	1,714,500
2028-2032	848,700	865,800	1,714,500
2033-2037	991,950	722,550	1,714,500
2038-2042	1,159,250	555,250	1,714,500
2043-2047	1,355,500	359,000	1,714,500
2048-2052	1,584,250	130,250	1,714,500
2053	16,859	0	16,859
Total	\$ 7,315,544	\$ 4,714,883	\$ 12,030,427

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 426,455	\$ 54,214	\$ 480,669
2019	333,239	41,796	375,035
2020	278,965	32,021	310,986
2021	160,555	23,391	183,946
2022	150,435	18,071	168,506
2023-2027	293,492	33,750	327,242
2028	12,500	373	12,873
Total	\$ 1,655,641	\$ 203,616	\$ 1,859,257

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	\$ 631,000	\$ 66,108	\$ 93,763	\$ 790,871
2019	662,000	60,050	85,244	807,294
2020	645,200	53,695	76,307	775,202
2021	668,000	47,501	67,504	783,005
2022	701,000	41,088	58,486	800,574
2023-2027	3,579,000	101,318	145,481	3,825,799
Total	\$ 6,886,200	\$ 369,760	\$ 526,785	\$ 7,782,745

There is \$527,647 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$868, based on the 2010 federal census. Total debt per capita, including bonds, notes, and other loans totaled \$1,882, based on the 2010 federal census.

#### Changes in Long-term Obligations

Long-term obligations activity for the primary government (excluding the Houston County Community Hospital, enterprise fund) for the year ended June 30, 2017, was as follows:

##### Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2016	\$ 7,459,560	\$ 1,538,572	\$ 7,486,200
Additions	0	541,432	0
Reductions	(144,016)	(424,363)	(600,000)
Balance, June 30, 2017	<u>\$ 7,315,544</u>	<u>\$ 1,655,641</u>	<u>\$ 6,886,200</u>
Balance Due Within One Year	<u>\$ 128,235</u>	<u>\$ 426,455</u>	<u>\$ 631,000</u>

	Compensated Absences	Other Postemployment Benefits	Landfill Postclosure Care Costs
Balance, July 1, 2016	\$ 19,540	\$ 2,065	\$ 609,958
Additions	29,947	2,999	7,871
Reductions	(27,064)	(1,195)	(4,500)
Balance, June 30, 2017	<u>\$ 22,423</u>	<u>\$ 3,869</u>	<u>\$ 613,329</u>
Balance Due Within One Year	<u>\$ 22,423</u>	<u>\$ 0</u>	<u>\$ 102,222</u>

Compensated absences will be paid from the employing fund, the Highway/Public Works Fund. Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

##### Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 16,497,006
Less: Balance Due Within One Year	<u>(1,310,335)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u><u>\$ 15,186,671</u></u>

## **Discretely Presented Houston County School Department**

### **Changes in Long-term Obligations**

Long-term obligations activity for the discretely presented Houston County School Department for the year ended June 30, 2017, was as follows:

#### Governmental Activities:

	Other Postemployment Benefits	Net Pension Liability - Teacher Legacy Pension Plan
Balance, July 1, 2016	\$ 329,070	\$ 55,336
Additions	60,950	2,237,213
Reductions	(59,328)	(1,419,844)
Balance, June 30, 2017	<u>\$ 330,692</u>	<u>\$ 872,705</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

#### Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2017	\$ 1,203,397
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,203,397</u>

Other postemployment benefits and the net pension liability will be paid from the employing funds, primarily the General Purpose School and School Federal Projects funds.

**F. Pledges of Future Revenues**

**Component Unit Revenues Pledged for Primary Government Debt**

The Houston County School Department has pledged to pay \$400,000 annually from its future revenues to the primary government's General Debt Service Fund to be applied toward the retirement of certain school debt. The related debt was issued by the primary government for the construction of a high school and is payable through 2027. Total principal, interest, and other fees remaining on the debt are approximately \$6,230,441 with annual requirements ranging from approximately \$563,015 in the next fiscal year to \$692,066 in the final year. For the current year, principal, interest, and other fees paid by the county and the appropriation by the School Department were \$543,495 and \$400,000, respectively.

**G. On-Behalf Payments – Discretely Presented Houston County School Department**

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Houston County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2017, were \$23,648 and \$9,175, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**H. Short-term Debt**

During the year, Houston County borrowed \$15,000 from the General Debt Service Fund to provide temporary operating funds for the Solid Waste/ Sanitation Fund. Additionally, Houston County borrowed \$345,200 from the General Debt Service Fund to provide temporary operating funds for the Special Purpose Fund. These loans were retired prior to June 30, 2017, as required by state statutes, and therefore have not been reflected in the financial statements of this report. Short-term debt activity for the year ended June 30, 2017, was as follows:

	Balance 7-1-16	Issued	Paid	Balance 6-30-17
Tax Anticipation Notes	\$ 0	\$ 360,200	(360,200)	\$ 0

## V. OTHER INFORMATION

### A. Risk Management

#### Primary Government (excluding the Houston County Community Hospital, enterprise fund)

##### Employee Health Insurance

Employees of Houston County (except for the Highway Department) are provided health insurance coverage through the purchase of commercial insurance; however, retirees are not allowed to participate in the health insurance plan. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Houston County Highway Department provided health insurance coverage for its employees through the purchase of commercial insurance until June 30, 2015. Effective July 1, 2015, the Houston County Highway Department began participating in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

##### Workers' Compensation Insurance

Houston County participates in the Local Government Workers' Compensation Fund (LGWCF), a public entity risk pool established under the provisions of Section 29-20-401, *Tennessee Code Annotated (TCA)*, by the Tennessee County Services Association to provide a program of workers' compensation coverage to employees of local governments. The county pays an annual premium to the LGWCF for its workers' compensation insurance coverage. The LGWCF is to be self-sustaining through member premiums. The LGWCF reinsures through commercial insurance companies for claims exceeding \$300,000.

##### Liability, Property, and Casualty

The county is exposed to various risks related to general liability, property, and casualty losses. Houston County participates in the Local Government Property and Casualty Fund (LGPCF), which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays an annual premium to the LGPCF for its general liability, property, and casualty insurance coverage. The creation of

the LGPCF provides for it to be self-sustaining through member premiums. The LGPCF reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event.

### **Discretely Presented Houston County School Department**

#### **Employee Health Insurance**

The Houston County School Department participates in the Local Education Group Insurance Fund (LEGIF), which is a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *TCA*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

#### **Workers' Compensation, Liability, Property, and Casualty**

The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TN-RMT provides for it to be self-sustaining through member premiums.

### **B. Accounting Changes**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosures*; Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units*; and Statement No. 82, *Pension Issues an amendment of GASB Statements No. 67, No. 68, and No. 73*, became effective for the year ended June 30, 2017.

GASB Statement No. 74, establishes accounting and reporting requirements for postemployment benefits other than pensions (other postemployment benefits or OPEB), which are included in the general purpose external financial reports of state and local governmental OPEB plans. This statement replaces GASB Statements No. 43 and No. 57. It also includes requirements for defined contribution OPEB plans that replace the requirements in Statements No. 25, No. 43, and No. 50. The scope of this statement includes OPEB plans, both defined benefit and defined contribution, administered

through trusts meeting the necessary criteria as well as reporting assets accumulated through OPEB plans that are not administered through trusts that meet the specified criteria.

GASB Statement No. 77, establishes reporting requirements for tax abatements. This standard requires the disclosure of information about the nature and magnitude of tax abatement agreements entered into by state and local governments that reduce the government's tax revenues.

GASB Statement No. 78, amends Statement No. 68 to exclude certain pensions provided to employees of state or local governments through a cost-sharing multiple-employer pension plans that are not state or local plans and meet specific other criteria. This statement establishes recognition, measurement, and reporting criteria for these plans.

GASB Statement No. 80, amends the blending requirements of paragraph 53 of Statement No. 14. This standard adds additional blending criterion, which requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member.

GASB Statement No. 82 amends Statements No. 67, No. 68, and No. 73. This standard establishes covered payroll as the payroll on which contributions to a pension plan are based in the Required Supplementary Information. In addition, this standard clarifies that employer paid member contributions should be considered plan member contributions for purposes of applying Statement No. 67, and employee contributions for the purposes of applying Statement No. 68. This standard further states that an employer's expense and expenditures for employer paid member contributions should be recognized in the period for which the contribution is assessed and classified in the same manner that the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

**C. Contingent Liabilities**

The county and the School Department are involved in several pending lawsuits. Management estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements.

**D. Changes in Administration**

On June 30, 2016, Cathy Harvey left the Office of Director of Schools and was succeeded by Kris McAskill on July 1, 2016. Also, on May 31, 2017, Sharon Tomlinson left the Office of Circuit, General Sessions, and Juvenile Courts Clerk and was succeeded by Donna Vincent on June 1, 2017.

**E. Landfill Postclosure Care Costs**

Houston County has an active permit on file with the state Department of Environment and Conservation for a sanitary landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Houston County closed its sanitary landfill in 1993. The \$613,329 reported as postclosure care liability at June 30, 2017, represents amounts based on what it would cost to perform all postclosure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**F. Joint Ventures**

The Twenty-third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Twenty-third Judicial District; Cheatham, Dickson, Houston, Humphreys, and Stewart counties; and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Houston County made no contributions to the DTF for the year ended June 30, 2017.

The discretely presented School Department participates in the Volunteer State Cooperative (VOLCO), which represents a cost-sharing arrangement. The cooperative was established through a contractual agreement between the Boards of Education of Bedford County, Coffee County, Dickson County, Fayetteville City, Hickman County, Houston County, Humphreys County, Manchester City, Marshall County, Maury County, Robertson County, and Stewart County. The cooperative was authorized through Title 49 of *Tennessee Code Annotated*. The cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Fayetteville City Schools) and a service provider to provide these services. The cooperative is governed by a Representative Committee, comprising one representative from each of the member districts; and an Executive Council, consisting of the chair, vice chair,



secretary, treasurer, and a member-at-large from the Representative Committee.

Houston County does not have an equity interest in any of the above-noted joint ventures. Complete financial statements for the Twenty-third Judicial District Drug Task Force and the Volunteer State Cooperative can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Office of District Attorney General  
Twenty-third Judicial District Drug Task Force  
P.O. Box 580  
Charlotte, TN 37036

Volunteer State Cooperative  
1800 Wilson Parkway  
Fayetteville, TN 37334

**G. Jointly Governed Organizations**

The Houston-Stewart County Industrial Park Board operates an industrial park that is jointly owned by Stewart and Houston counties. The board comprises seven members. The Stewart and Houston County commissions appoint the board members alternately (four one year and three the next year); however, the counties do not have any ongoing financial interest or responsibility for the entity. Also, the board operates in conjunction with the Houston-Stewart County Development Commission, which consists of seven board members appointed by Stewart and Houston counties. The commission was incorporated to receive and administer grant and loan funds for construction of buildings in the industrial park. The commission was declared inactive by its Board of Directors on October 25, 1990, and so remains until such time as a need develops.

The Industrial Development Board of Houston-Stewart Counties has been delegated the authority to develop, operate and maintain an industrial site located near the Stewart-Houston County line near Cumberland City, Tennessee. The board operates in conjunction with the Houston-Stewart Industrial Park Board and is comprised of eight members. The Stewart and Houston County commissions appoint the board members; however, the counties do not have any ongoing financial interest or responsibility for the entity.

## **H. Retirement Commitments**

### **Primary Government**

Houston County elected not to provide a retirement plan for its employees.

### **Discretely Presented Houston County School Department**

### **Tennessee Consolidated Retirement System (TCRS)**

### **Certified Employees**

### **Teacher Retirement Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Houston County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior

calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2017, to the Teacher Retirement Plan were \$21,121, which is four percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liabilities (Assets).* At June 30, 2017, the Houston County School Department reported an asset of \$5,323 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Houston County School Department's proportion of the net pension asset was based on the Houston County School Department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Houston County School Department's proportion was .051137 percent. The revised proportion measured at June 30, 2015, was .066075 percent.

*Pension Expense.* For the year ended June 30, 2017, the Houston County School Department recognized pension expense of \$4,492.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, the Houston County School Department reported

deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 516	\$ 614
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	872	0
Changes in Proportion of Net Pension Liability (Asset)	419	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	<u>21,121</u>	<u>N/A</u>
Total	<u>\$ 22,928</u>	<u>\$ 614</u>

The Houston County School Department's employer contributions of \$21,121, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension liability (asset) in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ 250
2019	250
2020	250
2021	209
2022	22
Thereafter	212

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents the Houston County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Houston County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
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Net Pension Liability (Asset)	\$	2,514	\$	(5,323)	\$	(11,098)
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*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

### **Teacher Legacy Pension Plan**

#### **General Information About the Pension Plan**

*Plan Description.* Teachers of the Houston County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

*Benefits Provided.* TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price

index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

*Contributions.* Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Houston County School Department for the year ended June 30, 2017, to the Teacher Legacy Pension Plan were \$443,739, which is 9.04 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

### **Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liability (Assets).* At June 30, 2017, the Houston County School Department reported a liability of \$872,705 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Houston County School Department's proportion of the net pension liability (asset) was based on the Houston County School Department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2016, the Houston County School Department's proportion was .139645 percent. The proportion measured as of June 30, 2015, was .135087 percent.

*Pension Expense.* For the year ended June 30, 2017, the Houston County School Department recognized pension expense of \$109,932.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2017, the Houston County School Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 36,727	\$ 1,056,557
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	974,387	0
Changes in Proportion of Net Pension Liability (Asset)	49,070	13,819
LEA's Contributions Subsequent to the Measurement Date of June 30, 2016	443,739	N/A
Total	<u>\$ 1,503,923</u>	<u>\$ 1,070,376</u>

The Houston County School Department's employer contributions of \$443,739 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ (156,213)
2019	(156,213)
2020	311,199
2021	52,971
2022	(61,936)
Thereafter	0

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

*Actuarial Assumptions.* The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2016, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46 %	33 %
International Equity Emerging Market	6.26	17
International Equity Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate.* The following presents Houston County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what Houston County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.5%	7.5%	8.5%

Net Pension Liability (Asset)    \$    4,792,174    \$    872,705    \$    (2,374,006)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

## I. **Other Postemployment Benefits (OPEB)**

### Plan Description

The Houston County Highway Department began participating in the state-administered Local Government Group Insurance Plan for healthcare benefits effective July 1, 2015. The Houston County School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-207, *Tennessee Code Annotated (TCA)*, for local governments and Section 8-27-302, *TCA*, for local education employees. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. The plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <https://www.tn.gov/finance/fa/fa-accounting-financial/fa-accfin-cafr.html>.

### Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. During the year ended June 30, 2017, the Houston County Highway Department and the Houston County School Department contributed \$1,195 and \$59,328, respectively, for postemployment benefits.

### Annual OPEB Cost and Net OPEB Obligation

	Local Government Group Plan	Local Education Group Plan
ARC	\$ 3,000	\$ 61,000
Interest on the NOPEBO	77	12,340
Adjustment to the ARC	(78)	(12,390)
Annual OPEB cost	\$ 2,999	\$ 60,950
Less: Amount of contribution	(1,195)	(59,328)
Increase/decrease in NOPEBO	\$ 1,804	\$ 1,622
Net OPEB obligation, 7-1-16	2,065	329,070
Net OPEB obligation, 6-30-17	\$ 3,869	\$ 330,692

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-16	Local Government Group	\$ 3,000	31%	\$ 2,065
6-30-17	"	2,999	40	3,869
6-30-15	Local Education Group	45,317	99	308,527
6-30-16	"	58,954	65	329,070
6-30-17	"	60,950	97	330,692

### Funded Status and Funding Progress

The funded status of the Local Education Group Plan as of July 1, 2015, was as follows:

	Local Education Group Plan
Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 564,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 564,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 3,837,517
UAAL as a % of covered payroll	15%

There is no actuarial accrued liability for the Local Government Group Plan as the Highway Department did not begin participation in the plan until the measurement date of July 1, 2015.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015, actuarial valuation for the Local Education Group Plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of six percent in fiscal year 2017, and then be reduced by decrements to an ultimate rate of 4.645 percent by fiscal year 2050. The rate includes a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 35-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

### **J. Purchasing Laws**

#### Office of County Mayor

The County Purchasing Law of 1983, Sections 5-14-201 through 5-14-206, *Tennessee Code Annotated (TCA)*, govern purchasing procedures for the general county government. These statutes provide for purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

#### Office of Road Superintendent

Chapter 366, Private Acts of 1945, as amended, and Section 54-7-113, *TCA* (Uniform Road Law), govern purchasing procedures for the Highway Department. These statutes provide for a highway commission, which includes the county mayor (who serves as chairman), the road superintendent, and three members of the county commission. The highway commission is required to authorize all purchases exceeding \$500 and to solicit competitive bids on all purchases exceeding \$10,000.

#### Office of Director of Schools

Purchasing procedures for the discretely presented Houston County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, *TCA*, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

#### **K. Subsequent Events**

On July 10, 2017, the county borrowed a \$550,000 tax anticipation note for the Solid Waste/Sanitation Fund (\$50,000) and Special Purpose Fund (\$500,000) for temporary operating funds.

### **VI. OTHER NOTES – HOUSTON COUNTY COMMUNITY HOSPITAL (ENTERPRISE FUND)**

#### **A. Nature of Operations**

The Houston County Community Hospital is an acute care hospital that provides inpatient, outpatient, and emergency services primarily for the residents of Houston County, Tennessee, and the surrounding areas. Houston County Community Hospital is currently licensed to provide 25 patient beds.

The hospital was established by the county as a special purpose government entity under the laws of the State of Tennessee. The hospital is owned by the county and governed by a Board of Trustees appointed by the Houston County Commission. Because of the relationship between the hospital and the county, the hospital is an enterprise fund of the county. The county provides continuous support to the hospital in the form of transfers for working capital.

**B. Summary of Significant Accounting Policies**

**1. Budgetary Information**

The hospital is required by a statute of the State of Tennessee to prepare a non-appropriated annual budget. The budget is not subject to appropriation and therefore is not required to be presented as supplementary information.

**2. Basis of Accounting**

The hospital's financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The hospital's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**3. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

The most critical estimates relate to revenue recognition, the collectability of accounts receivable and related reserves, third-party settlements, and obligations under the insurance programs, which include worker's compensation, professional liability, property and general liability and employee health and welfare insurance programs.



**4. Cash and Deposits**

Cash and cash equivalents include investments in highly liquid instruments with an original maturity at purchase date of three months or less. Statutes authorize the hospital to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; (3) the Local Government Investment Pool of the State of Tennessee; and (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool. The hospital does not have a policy which would restrict the type of deposits allowed.

Custodial credit risk is the risk that in the event of a bank failure, the hospital's deposits may not be returned to it. The hospital does not have a deposit policy for custodial credit risk; however, Tennessee state law requires that balances in excess of federally insured amounts be collateralized. At June 30, 2017, there were no cash balances in excess of Federal Deposit Insurance Corporation limits.

**5. Patient Accounts Receivable and Provision for Bad Debts**

Patient accounts receivable are reported net of both an estimated allowance for contractual adjustments and an estimated allowance for uncollectible accounts. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid/TennCare and other third party payer programs. Receivables are generally uncollateralized, but credit risk relating to accounts receivable is limited to some extent by the diversity and number of patients and payors. The hospital routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies. Late fees and interest charges, if any, are recognized when received.

The bad debt allowance is estimated based upon the age of the account, prior experience and any unusual circumstances which affect the collectability including trends in federal and state governmental health care coverage and other collection indicators.

**6. Inventory**

Inventories, consisting primarily of medical supplies and pharmaceuticals, are stated at the lower of cost or net realizable value based on the average cost method.

**7. Prepaid Expenses**

Prepaid expenses are amortized over the estimated period of future benefit, generally on a straight-line basis.

**8. Capital Assets**

Capital asset acquisitions are recorded at cost, if purchased. The hospital has set a capitalization threshold of \$1,000. Donated assets are recorded at their estimated fair value in the Statement of Revenue, Expenses, and Changes in Net Position in the period donated. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Assets under capital lease obligations are recorded at the lower of the net present value of the minimum lease payments or the fair value of the leased asset, and are amortized on the straight-line basis over the shorter period of the lease term or the estimated useful life of the assets. Such amortization is included in depreciation in the financial statements.

Assets	Estimated Useful Life Years
Buildings	20
Software	5
Fixed Equipment	10
Major Moveable Equipment	1 - 5

**9. Compensated Absences**

Hospital employees are granted paid time off (PTO). PTO combines vacation, sick, and holiday time. All full-time employees accrue PTO at the same amount as stated in the personnel policy manual. The accumulated time is payable in full upon termination if employed for at least 90 days.

**10. Net Position**

Net position represents the difference between assets and liabilities. Investment in capital assets consists of capital assets net of accumulated depreciation. Restricted net position is those assets that

are externally restricted by creditors, granters, contributors, or laws and regulations or those restricted by constitutional provisions and enabling legislations. Unrestricted net position consists of all other assets. When both restricted and unrestricted resources are available, it is the hospital's policy to use the restricted resources before using the unrestricted resources.

**11. Net Patient Service Revenue**

The hospital has agreements with third-party payers that provide for payments to the hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per-diem payments. Patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are considered in the recognition and accrual of revenue on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The primary third-party programs include Medicare and Medicaid, which account for a significant portion of the hospital's revenues. The laws and regulations under which Medicare and Medicaid programs operate are extremely complex and subject to interpretation and frequent changes. As part of operating under these programs, there is a possibility that government authorities may review the hospital's compliance with these laws and regulations. Such review may result in adjustments to program reimbursement previously received and subject the hospital to fines and penalties. Although no assurance can be given, management believes it has complied with the requirements of these programs.

Third-party settlements reflected on the Statement of Net Position represent management's estimate of final settlement under these third-party payer arrangements.

**12. Electronic Health Record Incentive Payments**

The American Recovery and Reinvestment Act of 2009 provides for incentive payments for eligible hospitals and professionals that adopt and meaningfully use certified electronic health record (EHR) technology. The hospital must attest to certain criteria in order to qualify to receive the incentive payments. The hospital recognizes income related to incentive payments using a gain contingency model that is based upon when the hospital has demonstrated meaningful use of certified EHR technology for the applicable period and when the cost report information for the full cost report year will determine if the final

calculation of the incentive payment is available. The hospital recognized \$377,251 of meaningful use incentives in the Statement of Revenue, Expenses, and Changes in Net Position for the year ended June 30, 2017.

Future incentive payments could vary due to certain factors such as availability of federal funding for both Medicare and Medicaid incentive payments and the hospital's ability to implement and demonstrate meaningful use of certified EHR technology. The hospital has and will continue to incur both capital costs and operating expenses in order to implement its certified EHR technology and meet meaningful use requirements in the future. These expenses are ongoing and are projected to continue over all stages of implementation of meaningful use. The timing of recognizing the expenses may not correlate with the receipt of the incentive payments and the recognition of revenues. There can be no assurance that the hospital will demonstrate meaningful use of certified EHR technology in the future, and the failure to do so could have a material, adverse effect on the results of operations. As a part of operating this program, there is a possibility that government authorities may make adjustments to amounts previously recorded by the hospital. The hospital's attestation of demonstrating meaningful use is also subject to review by the appropriate government authorities. The amount of revenue recognized is based on management's best estimate, which is subject to change. Such changes will be reflected in the period in which the changes occur.

**13. Charity Care**

The hospital provides care without charge or at a reduced charge, to patients who meet certain criteria under its financial assistance policy. Because the hospital does not pursue collection of amounts determined to qualify pursuant to this policy, these charges are not reported as revenue. Charges forgone based on established rates were \$9,518 for the year ended June 30, 2017. The estimated cost of providing charity care is calculated using the hospital's cost to charge ratio and totaled \$3,481 for the year ended June 30, 2017.

**14. Income Taxes**

The hospital is a governmental entity, and as such, is exempt from federal and state income taxes.

**15. Operating Revenues and Expenses**

The hospital's Statement of Revenues, Expenses, and Changes in Net Position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, the hospital's principal activity. Nonexchange revenues, including grants and contributions,

are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide health care services, other than financing costs.

**C. Patient Accounts Receivable**

Net patient accounts receivable reported as current assets by the hospital consisted of the following at June 30, 2017:

Gross Patient Accounts Receivable	\$ 2,163,757
Less: Allowance for Contractual Adjustments	(828,716)
Less: Allowance for Bad Debt	<u>(769,765)</u>
Patient Accounts Receivable, Net	<u><u>\$ 565,276</u></u>

The hospital's primary concentration of credit risk is patient accounts receivable, which consist of amounts owed by various governmental agencies, insurance companies, and patients. The hospital manages the receivables by regularly reviewing its accounts and contracts and by providing appropriate allowances for uncollectible amounts. The mix of receivables from patient and third-party payors as of June 30, 2017, was as follows:

	<u>2017</u>	
Medicare	21	%
Medicaid/TennCare	12	
Other Third-party Payors	35	
Self-pay	<u>32</u>	
Total	<u><u>100</u></u>	

**D. Property, Plant, and Equipment**

Capital assets activity for the year ended June 30, 2017 is as follows:

	Balance 7-1-16	Increases	Decreases	Balance 6-30-17
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ 75,730	\$ 0	\$ (75,730)	\$ 0
Land	214,000	0	0	214,000
Total Capital Assets Not Being Depreciated	\$ 289,730	\$ 0	\$ (75,730)	\$ 214,000
Other Capital Assets:				
Buildings	\$ 1,816,670	\$ 149,727	\$ 0	\$ 1,966,397
Software	55,865	0	0	55,865
Fixed Equipment	27,311	60,269	0	87,580
Major Moveable Equipment	508,710	8,882	0	517,592
Total Other Assets	\$ 2,408,556	\$ 218,878	\$ 0	\$ 2,627,434
Less Accumulated Depreciation:				
Buildings	\$ 221,499	\$ 92,908	\$ 0	\$ 314,407
Software	25,140	11,173	0	36,313
Fixed Equipment	7,944	5,149	0	13,093
Major Moveable Equipment	286,647	71,131	0	357,778
Total	\$ 541,230	\$ 180,361	\$ 0	\$ 721,591
Depreciable Assets, Net	\$ 1,867,326	\$ 38,517	\$ 0	\$ 1,905,843
Total Capital Assets, Net	\$ 2,157,056	\$ 38,517	\$ (75,730)	\$ 2,119,843

## **E. Insurance Programs**

### **Risk Management**

The hospital is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets, business interruption; errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

### **Medical Malpractice Insurance**

The hospital purchases professional and general liability insurance to cover medical malpractice claims under a retrospectively rated policy. Professional liability insurance is on a claims made basis and general liability insurance is an occurrence based policy. The policies are limited to \$3 million in the aggregate and \$1 million per claim or occurrence and do not carry a deductible. The future assertion of claims for occurrences prior to year-end is reasonably possible and may occur, although not anticipated. In any event, management

believes that any such claims would be substantially covered under its insurance program.

The Tennessee Governmental Tort Liability Act provides a cap on the amount of damages recoverable against government entities, including hospitals. For claims arising from events occurring on or after July 1, 2007, the amount recoverable in any one incident is limited to \$700,000.

**F. Net Position**

Restricted net position represents cash that is restricted for the purposes of relieving the hospital of the financial burden associated with the implementation of electronic health records and lease payments for the software. As such, the hospital cannot use these funds for any other purpose. Any unused funds must be returned to the county, when the hospital is able to provide for the lease payments on its own.

**G. Net Patient Service Revenue**

A summary of the payment arrangements with major third-party payers follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries will be paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicare beneficiaries will be reimbursed based upon a prospective payment system commonly known as APC (Ambulatory Payment Classification). The hospital may be reimbursed for cost-reimbursable items including Medicare bad debts and disproportionate share payments at a tentative rate, with final settlement determined after submission of annual cost reports. The hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through December 31, 2014.

Medicaid - Inpatient and outpatient services rendered to Medicaid program beneficiaries were reimbursed upon a cost-based methodology established by the State of Tennessee through its TennCare program. The hospital was reimbursed at a tentative rate, which is adjusted annually based on the annual cost reports as submitted by the hospital and audits by the Medicaid fiscal intermediary.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near future. For the year ended June 30, 2017, net patient service revenue increased approximately \$347,000, due to adjustments in excess of amounts previously estimated.

Other - The hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the hospital under these agreements includes prospectively determined rates and discounts from established charges.

A summary of net patient service revenue follows:

Gross Patient Service Revenue	\$ 12,206,373
Less:	
Provision for Contractual Adjustments	(7,874,751)
Bad Debts	(823,794)
	<hr/>
Net Patient Service Revenue	<u>\$ 3,507,828</u>

The composition of gross revenues for patient services rendered for the year ended June 30, 2017, was as follows:

	<u>2017</u>	
Medicare	39	%
Medicaid/TennCare	18	
Other Third-party Payors	34	
Self-pay	<u>9</u>	
	<hr/>	
Total	<u>100</u>	

## **H. Commitments and Contingencies**

### **Operating Lease and Service Agreements**

The hospital leases equipment and services under various operating leases and services agreements. Total rent expense for the year ended June 30, 2017, for all operating leases and service agreements was \$335,746, with \$164,597 included in purchased services, \$69,225 included in repairs and maintenance, and \$101,924 in rent in the Statement of Revenues, Expenses, and Changes in Net Position.

The following is a schedule by year of expiration of approximate future minimum lease payments under noncancelable operating leases as of June 30, 2017, that have initial or remaining lease terms in excess of one year.



Year	Amount
2018	\$ 331,000
2019	232,000
2020	26,000
2021	6,000
Total	<u>\$ 595,000</u>

The hospital also subleases medical building space to tenants under operating leases expiring at various dates through July 2017 and month-to-month thereafter. Rental income was approximately \$80,000 for the year ended June 30, 2017, and is recorded in other operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position. Minimum rentals to be received in the future under noncancelable subleases are approximately \$6,000 for the year ending June 30, 2018.

**I. Accrued Penalty and Contract Claim**

In June 2016, the Centers for Medicare and Medicaid Services (CMS) notified the hospital of a complaint regarding a potential violation of the Emergency Medical Treatment and Labor Act (EMTALA). The hospital has filed, and CMS has accepted, a plan of correction for such complaint. CMS has not, as of the date these financial statements were available to be issued, imposed a penalty on the hospital as a result of the complaint. The maximum penalty under the applicable regulations as imposed by the Office of Inspector General is \$52,414 based upon the size of the hospital. The hospital has recorded a provision for penalty related to such matter totaling \$25,000 as of June 30, 2017, within accrued expenses in the Statement of Net Position. Management anticipates the resolution of this matter and payment of any applicable penalty during the year ended June 30, 2018.

The hospital has been named a defendant in a case claiming a breach of contract for monies owed to the plaintiff. The amount owed in this matter is \$93,341 and is in the process of being negotiated. The extent of liability could exceed this amount should a settlement not be negotiated and further attorney's fees and costs are added on. The hospital has recorded a provision for contract claim related to such matter totaling \$93,341 as of June 30, 2017, within accrued expenses in the Statement of Net Position.

**J. Related-party Transactions**

The hospital is owned by the Houston County, Tennessee, government and is a separately reported fund of the county. The hospital is operated for the benefits of its residents and those of the surrounding counties. During the year ended June 30, 2017, the county transferred funds totaling \$510,078 to the hospital to meet working capital needs. The county also contributed \$127,104 to the hospital in building improvements. Additionally, the county contributed

various operating expenses paid on behalf of the hospital totaling \$30,905 during the year ended June 30, 2017.

**K. GASB Statements Issued But Not Yet Implemented**

GASB Statement No. 87, *Leases* - This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. The hospital currently expects that upon adoption of this statement, right-to-use assets and lease liabilities will be recognized in the Statement of Net Position in amounts that will be material.

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## REQUIRED SUPPLEMENTARY INFORMATION

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Exhibit F-1

Houston County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Retirement Plan of TCRS  
Discretely Presented Houston County School Department  
For the Fiscal Year Ended June 30

	2015	2016	2017
Contractually Required Contribution	\$ 5,607	\$ 9,000	\$ 21,121
Less Contributions in Relation to the Contractually Required Contribution	(5,607)	(9,000)	(21,121)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 140,180	\$ 225,001	\$ 528,025
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%

Note: ten years of data will be presented when available.

Exhibit F-2

Houston County, Tennessee  
Schedule of Contributions Based on Participation in the Teacher  
Legacy Pension Plan of TCRS  
Discretely Presented Houston County School Department  
For the Fiscal Year Ended June 30

	2014	2015	2016	2017
Contractually Required Contribution	\$ 476,460	\$ 457,150	\$ 455,698	\$ 443,739
Less Contributions in Relation to the Contractually Required Contribution	(476,460)	(457,150)	(455,698)	(443,739)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 5,365,543	\$ 5,056,968	\$ 5,040,908	\$ 4,908,617
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%

Note: ten years of data will be presented when available.

Exhibit F-3

Houston County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Retirement Plan of TCRS  
Discretely Presented Houston County School Department  
For the Fiscal Year Ended June 30 \*

	<u>2016</u>	<u>2017</u>
School Department's Proportion of the Net Pension Liability/Asset	0.067467%	0.051137%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (2,714)	\$ (5,323)
Covered Payroll	\$ 140,180	\$ 225,001
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-4

Houston County, Tennessee  
Schedule of Proportionate Share of the Net Pension Asset  
in the Teacher Legacy Pension Plan of TCRS  
Discretely Presented Houston County School Department  
For the Fiscal Year Ended June 30 \*

	2015	2016	2017
School Department's Proportion of the Net Pension Liability/Asset	0.136702%	0.135087%	0.139645%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (22,213)	\$ 55,336	\$ 872,705
Covered Payroll	\$ 5,365,543	\$ 5,056,968	\$ 5,040,908
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(.414002)%	1.094255%	17.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%

\* The amounts presented were determined as of June 30 of the prior fiscal year.

Note: ten years of data will be presented when available.

Exhibit F-5

Houston County, Tennessee  
Schedule of Funding Progress – Other Postemployment Benefits Plan  
Discretely Presented Houston County School Department  
June 30, 2017

(Dollar amounts in thousands)

Plan	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Group	7-1-11	\$ 0	\$ 985	\$ 985	0%	\$ 2,668	37%
"	7-1-13	0	409	409	0	2,945	14
"	7-1-15	0	564	564	0	3,838	15



**HOUSTON COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2017**

NONE

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES**

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions related to the garbage collection and convenience center operations.

Drug Control Fund – The Drug Control Fund is used to account for revenues received from drug-related fines, forfeitures, and seizures.

Constitutional Officers - Fees Fund – The Constitutional Officers - Fees Fund is used to account for operating expenses paid directly from the fee and commission accounts of the trustee, clerks, register of deeds, and sheriff.

## Capital Projects Funds

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Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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General Capital Projects Fund – The General Capital Projects Fund accounts for general capital expenditures of the county.

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for grant proceeds received for a water line improvement project.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for grant proceeds received for the construction of an emergency response center.

Exhibit G-1

Houston County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2017

	Special Revenue Funds				Capital Projects Funds
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 8,470	\$ 8,470	\$ 0
Equity in Pooled Cash and Investments	12,232	204,602	0	216,834	54,378
Accounts Receivable	0	0	20	20	0
Property Taxes Receivable	266,404	0	0	266,404	0
Allowance for Uncollectible Property Taxes	(10,235)	0	0	(10,235)	0
Total Assets	\$ 268,401	\$ 204,602	\$ 8,490	\$ 481,493	\$ 54,378
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 244,602	\$ 0	\$ 0	\$ 244,602	\$ 0
Deferred Delinquent Property Taxes	9,743	0	0	9,743	0
Total Deferred Inflows of Resources	\$ 254,345	\$ 0	\$ 0	\$ 254,345	\$ 0
<u>FUND BALANCES</u>					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 204,602	\$ 0	\$ 204,602	\$ 0
Restricted for Capital Outlay	0	0	0	0	0
Restricted for Capital Projects	0	0	0	0	54,378
Committed:					
Committed for General Government	0	0	240	240	0
Committed for Finance	0	0	8,250	8,250	0
Committed for Public Health and Welfare	14,056	0	0	14,056	0
Total Fund Balances	\$ 14,056	\$ 204,602	\$ 8,490	\$ 227,148	\$ 54,378
Total Deferred Inflows of Resources and Fund Balances	\$ 268,401	\$ 204,602	\$ 8,490	\$ 481,493	\$ 54,378

(Continued)

Exhibit G-1

Houston County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds (Cont.)

ASSETS

Cash  
Equity in Pooled Cash and Investments  
Accounts Receivable  
Property Taxes Receivable  
Allowance for Uncollectible Property Taxes  
  
Total Assets

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes  
Deferred Delinquent Property Taxes  
Total Deferred Inflows of Resources

FUND BALANCES

Restricted:  
    Restricted for Public Safety  
    Restricted for Capital Outlay  
    Restricted for Capital Projects  
Committed:  
    Committed for General Government  
    Committed for Finance  
    Committed for Public Health and Welfare  
Total Fund Balances

Total Deferred Inflows of Resources and Fund Balances

<u>Capital Projects Funds (Cont.)</u>			Total Nonmajor Governmental Funds
Other Capital Projects	Total		
\$ 0	\$ 0	\$	8,470
20,036	74,414		291,248
0	0		20
0	0		266,404
0	0		(10,235)
<hr/>			
\$ 20,036	\$ 74,414	\$	555,907
<hr/>			
\$ 0	\$ 0	\$	244,602
0	0		9,743
<hr/>			
\$ 0	\$ 0	\$	254,345
<hr/>			
\$ 0	\$ 0	\$	204,602
20,036	20,036		20,036
0	54,378		54,378
<hr/>			
0	0		240
0	0		8,250
0	0		14,056
<hr/>			
\$ 20,036	\$ 74,414	\$	301,562
<hr/>			
\$ 20,036	\$ 74,414	\$	555,907
<hr/>			

Exhibit G-2

Houston County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2017

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park
<u>Revenues</u>						
Local Taxes	\$ 214,650	\$ 0	\$ 0	\$ 214,650	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	32,187	0	32,187	0	0
Charges for Current Services	2,597	0	79,397	81,994	0	0
Other Local Revenues	5,129	0	0	5,129	0	0
State of Tennessee	59,101	0	0	59,101	0	0
Federal Government	0	0	0	0	81,378	120,346
Other Governments and Citizens Groups	0	0	0	0	0	5,569
Total Revenues	\$ 281,477	\$ 32,187	\$ 79,397	\$ 393,061	\$ 81,378	\$ 125,915
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 65,412	\$ 65,412	\$ 0	\$ 0
Administration of Justice	0	0	12,540	12,540	0	0
Public Safety	0	139,190	0	139,190	0	0
Public Health and Welfare	286,709	0	0	286,709	0	0
Other Operations	17,779	0	0	17,779	94,125	125,915
Capital Projects	0	0	0	0	0	0
Total Expenditures	\$ 304,488	\$ 139,190	\$ 77,952	\$ 521,630	\$ 94,125	\$ 125,915
Excess (Deficiency) of Revenues Over Expenditures	\$ (23,011)	\$ (107,003)	\$ 1,445	\$ (128,569)	\$ (12,747)	\$ 0

(Continued)

Exhibit G-2

Houston County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Cont.)

	Special Revenue Funds				Capital Projects Funds	
	Solid Waste / Sanitation	Drug Control	Constitu- tional Officers - Fees	Total	General Capital Projects	Community Development/ Industrial Park
<u>Other Financing Sources (Uses)</u>						
Proceeds from Sale of Capital Assets	\$ 0	\$ 244,564	\$ 0	\$ 244,564	\$ 0	\$ 0
Insurance Recovery	0	6,569	0	6,569	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 251,133</u>	<u>\$ 0</u>	<u>\$ 251,133</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (23,011)	\$ 144,130	\$ 1,445	\$ 122,564	\$ (12,747)	\$ 0
Fund Balance, July 1, 2016	<u>37,067</u>	<u>60,472</u>	<u>7,045</u>	<u>104,584</u>	<u>67,125</u>	<u>0</u>
Fund Balance, June 30, 2017	<u>\$ 14,056</u>	<u>\$ 204,602</u>	<u>\$ 8,490</u>	<u>\$ 227,148</u>	<u>\$ 54,378</u>	<u>\$ 0</u>

(Continued)

Exhibit G-2

Houston County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Cont.)

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>Revenues</u>			
Local Taxes	\$ 0	\$ 0	\$ 214,650
Fines, Forfeitures, and Penalties	0	0	32,187
Charges for Current Services	0	0	81,994
Other Local Revenues	0	0	5,129
State of Tennessee	0	0	59,101
Federal Government	0	201,724	201,724
Other Governments and Citizens Groups	0	5,569	5,569
Total Revenues	\$ 0	\$ 207,293	\$ 600,354
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 0	\$ 65,412
Administration of Justice	0	0	12,540
Public Safety	0	0	139,190
Public Health and Welfare	0	0	286,709
Other Operations	0	220,040	237,819
Capital Projects	5,805	5,805	5,805
Total Expenditures	\$ 5,805	\$ 225,845	\$ 747,475
Excess (Deficiency) of Revenues Over Expenditures	\$ (5,805)	\$ (18,552)	\$ (147,121)

(Continued)



Exhibit G-2

Houston County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
Nonmajor Governmental Funds (Cont.)

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>Other Financing Sources (Uses)</u>			
Proceeds from Sale of Capital Assets	\$ 0	\$ 0	\$ 244,564
Insurance Recovery	0	0	6,569
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 251,133</u>
Net Change in Fund Balances	\$ (5,805)	\$ (18,552)	\$ 104,012
Fund Balance, July 1, 2016	<u>25,841</u>	<u>92,966</u>	<u>197,550</u>
Fund Balance, June 30, 2017	<u>\$ 20,036</u>	<u>\$ 74,414</u>	<u>\$ 301,562</u>

## Exhibit G-3

Houston County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Solid Waste/Sanitation Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 214,650	\$ 209,700	\$ 205,700	\$ 8,950
Charges for Current Services	2,597	2,000	2,000	597
Other Local Revenues	5,129	6,000	6,000	(871)
State of Tennessee	59,101	86,000	86,000	(26,899)
Total Revenues	<u>\$ 281,477</u>	<u>\$ 303,700</u>	<u>\$ 299,700</u>	<u>\$ (18,223)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Convenience Centers	\$ 286,709	\$ 291,962	\$ 313,485	\$ 26,776
Landfill Operation and Maintenance	0	3,000	0	0
<u>Other Operations</u>				
Other Charges	4,865	6,000	6,000	1,135
Employee Benefits	12,914	9,000	12,950	36
Total Expenditures	<u>\$ 304,488</u>	<u>\$ 309,962</u>	<u>\$ 332,435</u>	<u>\$ 27,947</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (23,011)</u>	<u>\$ (6,262)</u>	<u>\$ (32,735)</u>	<u>\$ 9,724</u>
Net Change in Fund Balance	\$ (23,011)	\$ (6,262)	\$ (32,735)	\$ 9,724
Fund Balance, July 1, 2016	<u>37,067</u>	<u>35,470</u>	<u>35,470</u>	<u>1,597</u>
Fund Balance, June 30, 2017	<u>\$ 14,056</u>	<u>\$ 29,208</u>	<u>\$ 2,735</u>	<u>\$ 11,321</u>

## Exhibit G-4

Houston County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Drug Control Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 32,187	\$ 43,000	\$ 43,000	\$ (10,813)
Other Local Revenues	0	100,000	234,892	(234,892)
Total Revenues	<u>\$ 32,187</u>	<u>\$ 143,000</u>	<u>\$ 277,892</u>	<u>\$ (245,705)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 139,190	\$ 116,500	\$ 251,392	\$ 112,202
Total Expenditures	<u>\$ 139,190</u>	<u>\$ 116,500</u>	<u>\$ 251,392</u>	<u>\$ 112,202</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (107,003)</u>	<u>\$ 26,500</u>	<u>\$ 26,500</u>	<u>\$ (133,503)</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 244,564	0	0	\$ 244,564
Insurance Recovery	6,569	0	0	6,569
Total Other Financing Sources	<u>\$ 251,133</u>	<u>0</u>	<u>0</u>	<u>\$ 251,133</u>
Net Change in Fund Balance	\$ 144,130	\$ 26,500	\$ 26,500	\$ 117,630
Fund Balance, July 1, 2016	<u>60,472</u>	<u>60,472</u>	<u>60,472</u>	<u>0</u>
Fund Balance, June 30, 2017	<u><u>\$ 204,602</u></u>	<u><u>\$ 86,972</u></u>	<u><u>\$ 86,972</u></u>	<u><u>\$ 117,630</u></u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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## Exhibit H

Houston County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 339,328	\$ 329,000	\$ 329,000	\$ 10,328
Charges for Current Services	0	846,065	447,607	(447,607)
Federal Government	70,000	0	70,000	0
Other Governments and Citizens Groups	485,742	31,500	508,031	(22,289)
Total Revenues	\$ 895,070	\$ 1,206,565	\$ 1,354,638	\$ (459,568)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 629,290	\$ 367,037	\$ 646,365	\$ 17,075
Education	483,056	1,548,039	1,431,095	948,039
<u>Interest on Debt</u>				
General Government	297,249	277,255	313,411	16,162
Education	136,969	354,993	326,044	189,075
<u>Other Debt Service</u>				
General Government	7,926	12,000	12,000	4,074
Total Expenditures	\$ 1,554,490	\$ 2,559,324	\$ 2,728,915	\$ 1,174,425
Excess (Deficiency) of Revenues Over Expenditures	\$ (659,420)	\$ (1,352,759)	\$ (1,374,277)	\$ 714,857
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 700,000	\$ 700,000	\$ (700,000)
Other Loans Issued	0	67,000	65,395	(65,395)
Total Other Financing Sources	\$ 0	\$ 767,000	\$ 765,395	\$ (765,395)
Net Change in Fund Balance	\$ (659,420)	\$ (585,759)	\$ (608,882)	\$ (50,538)
Fund Balance, July 1, 2016	1,187,067	1,113,860	1,113,860	73,207
Fund Balance, June 30, 2017	\$ 527,647	\$ 528,101	\$ 504,978	\$ 22,669

# Fiduciary Funds

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Agency Funds are used to account for assets held by the county in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of the sales tax revenues collected inside incorporated cities of the county. These revenues are received by the county from the State of Tennessee and forwarded to the various cities on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, general sessions, and juvenile courts clerk; clerk and master; register of deeds; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Exhibit I-1

Houston County, Tennessee

Combining Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2017

	<u>Agency Funds</u>		
	Cities -	Constitu-	
	Sales	tional	
	Tax	Officers -	
		Agency	Total
<u>ASSETS</u>			
Cash	\$ 0	\$ 182,990	\$ 182,990
Accounts Receivable	0	4	4
Due from Other Governments	91,291	0	91,291
Total Assets	<u>\$ 91,291</u>	<u>\$ 182,994</u>	<u>\$ 274,285</u>
<u>LIABILITIES</u>			
Due to Other Taxing Units	\$ 91,291	\$ 0	\$ 91,291
Due to Litigants, Heirs, and Others	0	182,994	182,994
Total Liabilities	<u>\$ 91,291</u>	<u>\$ 182,994</u>	<u>\$ 274,285</u>

## Exhibit I-2

Houston County, TennesseeCombining Statement of Changes in Assets and Liabilities - All Agency FundsFor the Year Ended June 30, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 512,805	\$ 512,805	\$ 0
Due from Other Governments	84,817	91,291	84,817	91,291
Total Assets	<u>\$ 84,817</u>	<u>\$ 604,096</u>	<u>\$ 597,622</u>	<u>\$ 91,291</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 84,817	\$ 604,096	\$ 597,622	\$ 91,291
Total Liabilities	<u>\$ 84,817</u>	<u>\$ 604,096</u>	<u>\$ 597,622</u>	<u>\$ 91,291</u>
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 180,969	\$ 2,490,761	\$ 2,488,740	\$ 182,990
Accounts Receivable	0	4	0	4
Cash Shortage	3,553	0	3,553	0
Total Assets	<u>\$ 184,522</u>	<u>\$ 2,490,765</u>	<u>\$ 2,492,293</u>	<u>\$ 182,994</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 184,522	\$ 2,490,765	\$ 2,492,293	\$ 182,994
Total Liabilities	<u>\$ 184,522</u>	<u>\$ 2,490,765</u>	<u>\$ 2,492,293</u>	<u>\$ 182,994</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 180,969	\$ 2,490,761	\$ 2,488,740	\$ 182,990
Equity in Pooled Cash and Investments	0	512,805	512,805	0
Accounts Receivable	0	4	0	4
Due from Other Governments	84,817	91,291	84,817	91,291
Cash Shortage	3,553	0	3,553	0
Total Assets	<u>\$ 269,339</u>	<u>\$ 3,094,861</u>	<u>\$ 3,089,915</u>	<u>\$ 274,285</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 84,817	\$ 604,096	\$ 597,622	\$ 91,291
Due to Litigants, Heirs, and Others	184,522	2,490,765	2,492,293	182,994
Total Liabilities	<u>\$ 269,339</u>	<u>\$ 3,094,861</u>	<u>\$ 3,089,915</u>	<u>\$ 274,285</u>



# Houston County School Department

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This section presents combining and individual fund financial statements for the Houston County School Department, a discretely presented component unit. The School Department uses a General Fund and two Special Revenue Funds.

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General Purpose School Fund – The General Purpose School Fund is used to account for general operations of the School Department.

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Exhibit J-1

Houston County, Tennessee  
Statement of Activities  
Discretely Presented Houston County School Department  
For the Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Instruction	\$ 6,724,844	\$ 9,290	\$ 918,579	\$ (5,796,975)
Support Services	4,071,885	21,666	299,286	(3,750,933)
Operation of Non-instructional Services	1,241,354	258,632	564,545	(418,177)
Total Governmental Activities	\$ 12,038,083	\$ 289,588	\$ 1,782,410	\$ (9,966,085)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 704,518
Local Option Sales Taxes				594,314
Business Tax				22,427
Other Local Taxes				628
Grants and Contributions Not Restricted to Specific Programs				8,705,234
Unrestricted Investment Income				25,284
Miscellaneous				31,930
Total General Revenues				\$ 10,084,335
Change in Net Position				\$ 118,250
Net Position, July 1, 2016				11,562,385
Net Position, June 30, 2017				\$ 11,680,635

## Exhibit J-2

Houston County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Houston County School Department  
 June 30, 2017

	Major Fund	Nonmajor Funds	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	
<u>ASSETS</u>			
Cash	\$ 0	\$ 714	\$ 714
Equity in Pooled Cash and Investments	3,817,995	375,645	4,193,640
Due from Other Governments	111,772	0	111,772
Property Taxes Receivable	751,625	0	751,625
Allowance for Uncollectible Property Taxes	(30,997)	0	(30,997)
Accrued Interest Receivable	11,930	628	12,558
Cash Shortage	1,653	0	1,653
Total Assets	\$ 4,663,978	\$ 376,987	\$ 5,040,965
<u>LIABILITIES</u>			
Accounts Payable	\$ 5,527	\$ 31,673	\$ 37,200
Payroll Deductions Payable	76,851	10,056	86,907
Total Liabilities	\$ 82,378	\$ 41,729	\$ 124,107
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 682,310	\$ 0	\$ 682,310
Deferred Delinquent Property Taxes	32,275	0	32,275
Other Deferred/Unavailable Revenue	62,461	469	62,930
Total Deferred Inflows of Resources	\$ 777,046	\$ 469	\$ 777,515
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Education	\$ 4,151	\$ 0	\$ 4,151
Restricted for Operation of Non-instructional Services	0	234,789	234,789
Committed:			
Committed for Education	1,212,257	0	1,212,257
Assigned:			
Assigned for Education	4,477	100,000	104,477
Unassigned	2,583,669	0	2,583,669
Total Fund Balances	\$ 3,804,554	\$ 334,789	\$ 4,139,343
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,663,978	\$ 376,987	\$ 5,040,965

Exhibit J-3

Houston County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Position  
Discretely Presented Houston County School Department  
June 30, 2017

Amounts reported for governmental activities in the  
statement of net position (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit J-2)		\$ 4,139,343
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 483,220	
Add: buildings and improvements net of accumulated depreciation	6,612,353	
Add: other capital assets net of accumulated depreciation	<u>1,092,727</u>	8,188,300
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: other postemployment benefits liability	\$ (330,692)	
Less: net pension liability - teacher legacy pension plan	<u>(872,705)</u>	(1,203,397)
(3) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as a component of pension expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 1,526,851	
Less: deferred inflows of resources related to pensions	<u>(1,070,990)</u>	455,861
(4) Net pension assets of the teacher retirement plan are not current financial resources and therefore are not reported in the governmental funds.		5,323
(5) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>95,205</u>
Net position of governmental activities (Exhibit A)		<u>\$ 11,680,635</u>

## Exhibit J-4

Houston County, Tennessee  
Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Governmental Funds  
Discretely Presented Houston County School Department  
For the Year Ended June 30, 2017

	Major Fund	Nonmajor Funds	
	General	Other	
	Purpose	Govern-	Total
	School	mental	Governmental
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 1,338,094	\$ 0	\$ 1,338,094
Licenses and Permits	612	0	612
Charges for Current Services	30,956	258,632	289,588
Other Local Revenues	174,563	2,890	177,453
State of Tennessee	8,862,147	715	8,862,862
Federal Government	76,584	1,395,201	1,471,785
Total Revenues	<u>\$ 10,482,956</u>	<u>\$ 1,657,438</u>	<u>\$ 12,140,394</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 5,385,311	\$ 765,383	\$ 6,150,694
Support Services	4,007,258	73,757	4,081,015
Operation of Non-instructional Services	380,872	854,490	1,235,362
Capital Outlay	86,067	0	86,067
Debt Service:			
Other Debt Service	476,530	0	476,530
Total Expenditures	<u>\$ 10,336,038</u>	<u>\$ 1,693,630</u>	<u>\$ 12,029,668</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>\$ 146,918</u>	<u>\$ (36,192)</u>	<u>\$ 110,726</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 5,020	\$ 0	\$ 5,020
Total Other Financing Sources (Uses)	<u>\$ 5,020</u>	<u>\$ 0</u>	<u>\$ 5,020</u>
Net Change in Fund Balances	\$ 151,938	\$ (36,192)	\$ 115,746
Fund Balance, July 1, 2016	3,652,616	370,981	4,023,597
Fund Balance, June 30, 2017	<u>\$ 3,804,554</u>	<u>\$ 334,789</u>	<u>\$ 4,139,343</u>

Exhibit J-5

Houston County, Tennessee  
Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Statement of Activities  
Discretely Presented Houston County School Department  
For the Year Ended June 30, 2017

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit J-4)		\$ 115,746
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 157,014	
Less: current-year depreciation expense	<u>(518,888)</u>	(361,874)
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2017	\$ 95,205	
Less: deferred delinquent property taxes and other deferred June 30, 2016	<u>(79,266)</u>	15,939
(3) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in other postemployment benefits liability	\$ (1,622)	
Change in net pension asset - teacher retirement plan	2,609	
Change in net pension liability - teacher legacy pension plan	(817,369)	
Change in deferred outflows related to pensions	999,293	
Change in deferred inflows related to pensions	<u>165,528</u>	<u>348,439</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 118,250</u>

## Exhibit J-6

Houston County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Houston County School Department  
June 30, 2017

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 714	\$ 714
Equity in Pooled Cash and Investments	107,876	267,769	375,645
Accrued Interest Receivable	0	628	628
Total Assets	<u>\$ 107,876</u>	<u>\$ 269,111</u>	<u>\$ 376,987</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 31,673	\$ 31,673
Payroll Deductions Payable	7,876	2,180	10,056
Total Liabilities	<u>\$ 7,876</u>	<u>\$ 33,853</u>	<u>\$ 41,729</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Other Deferred/Unavailable Revenue	\$ 0	\$ 469	\$ 469
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 469</u>	<u>\$ 469</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Operation of Non-instructional Services	\$ 0	\$ 234,789	\$ 234,789
Assigned:			
Assigned for Education	100,000	0	100,000
Total Fund Balances	<u>\$ 100,000</u>	<u>\$ 234,789</u>	<u>\$ 334,789</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 107,876</u>	<u>\$ 269,111</u>	<u>\$ 376,987</u>

Exhibit J-7

Houston County, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances -  
Nonmajor Governmental Funds  
Discretely Presented Houston County School Department  
For the Year Ended June 30, 2017

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 258,632	\$ 258,632
Other Local Revenues	0	2,890	2,890
State of Tennessee	0	715	715
Federal Government	839,140	556,061	1,395,201
Total Revenues	<u>\$ 839,140</u>	<u>\$ 818,298</u>	<u>\$ 1,657,438</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 765,383	\$ 0	\$ 765,383
Support Services	73,757	0	73,757
Operation of Non-instructional Services	0	854,490	854,490
Total Expenditures	<u>\$ 839,140</u>	<u>\$ 854,490</u>	<u>\$ 1,693,630</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ (36,192)</u>	<u>\$ (36,192)</u>
Net Change in Fund Balances	\$ 0	\$ (36,192)	\$ (36,192)
Fund Balance, July 1, 2016	100,000	270,981	370,981
Fund Balance, June 30, 2017	<u>\$ 100,000</u>	<u>\$ 234,789</u>	<u>\$ 334,789</u>



Exhibit J-8

Houston County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Houston County School Department  
General Purpose School Fund  
For the Year Ended June 30, 2017

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,338,094	\$ 0	\$ 0	\$ 1,338,094	\$ 1,283,398	\$ 1,283,398	\$ 54,696
Licenses and Permits	612	0	0	612	500	500	112
Charges for Current Services	30,956	0	0	30,956	20,000	20,000	10,956
Other Local Revenues	174,563	0	0	174,563	55,300	55,300	119,263
State of Tennessee	8,862,147	0	0	8,862,147	8,816,978	8,849,802	12,345
Federal Government	76,584	0	0	76,584	0	76,584	0
Total Revenues	\$ 10,482,956	\$ 0	\$ 0	\$ 10,482,956	\$ 10,176,176	\$ 10,285,584	\$ 197,372
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,552,319	\$ 0	\$ 0	\$ 4,552,319	\$ 4,886,500	\$ 4,886,500	\$ 334,181
Special Education Program	567,977	0	0	567,977	573,297	607,297	39,320
Career and Technical Education Program	265,015	0	0	265,015	267,000	267,000	1,985
<u>Support Services</u>							
Attendance	24,255	0	0	24,255	26,350	26,350	2,095
Health Services	101,974	0	0	101,974	111,900	111,900	9,926
Other Student Support	204,445	0	0	204,445	224,500	224,500	20,055
Regular Instruction Program	464,032	0	0	464,032	511,500	511,500	47,468
Alternative Instruction Program	64,683	0	0	64,683	69,000	69,000	4,317
Special Education Program	159,741	0	0	159,741	149,750	192,334	32,593
Career and Technical Education Program	0	0	0	0	4,000	4,000	4,000
Technology	144,609	0	0	144,609	151,800	151,800	7,191
Other Programs	32,823	0	0	32,823	0	32,823	0
Board of Education	374,105	0	0	374,105	405,700	405,700	31,595
Director of Schools	211,591	0	0	211,591	218,025	218,025	6,434
Office of the Principal	535,606	0	0	535,606	622,797	622,797	87,191
Fiscal Services	103,885	0	4,477	108,362	110,250	110,250	1,888
Operation of Plant	811,893	0	0	811,893	795,000	895,000	83,107
Maintenance of Plant	209,271	0	0	209,271	219,700	219,700	10,429

(Continued)

Exhibit J-8

Houston County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual (Budgetary Basis) and Budget  
Discretely Presented Houston County School Department  
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2016	Add: Encumbrances 6/30/2017	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 564,345	\$ (95,282)	\$ 0	\$ 469,063	\$ 553,400	\$ 648,682	\$ 179,619
<u>Operation of Non-instructional Services</u>							
Food Service	39,215	0	0	39,215	41,100	41,100	1,885
Community Services	28,946	0	0	28,946	29,611	29,611	665
Early Childhood Education	312,711	0	0	312,711	314,127	314,128	1,417
<u>Capital Outlay</u>							
Regular Capital Outlay	86,067	(24,200)	0	61,867	160,000	734,200	672,333
<u>Principal on Debt</u>							
Education	0	0	0	0	475,000	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	10,000	0	0
<u>Other Debt Service</u>							
Education	476,530	0	0	476,530	0	535,000	58,470
Total Expenditures	\$ 10,336,038	\$ (119,482)	\$ 4,477	\$ 10,221,033	\$ 10,930,307	\$ 11,859,197	\$ 1,638,164
Excess (Deficiency) of Revenues Over Expenditures	\$ 146,918	\$ 119,482	\$ (4,477)	\$ 261,923	\$ (754,131)	\$ (1,573,613)	\$ 1,835,536
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 5,020	\$ 0	\$ 0	\$ 5,020	\$ 1,000	\$ 1,000	\$ 4,020
Total Other Financing Sources	\$ 5,020	\$ 0	\$ 0	\$ 5,020	\$ 1,000	\$ 1,000	\$ 4,020
Net Change in Fund Balance	\$ 151,938	\$ 119,482	\$ (4,477)	\$ 266,943	\$ (753,131)	\$ (1,572,613)	\$ 1,839,556
Fund Balance, July 1, 2016	3,652,616	(119,482)	0	3,533,134	3,300,000	3,300,000	233,134
Fund Balance, June 30, 2017	\$ 3,804,554	\$ 0	\$ (4,477)	\$ 3,800,077	\$ 2,546,869	\$ 1,727,387	\$ 2,072,690

## Exhibit J-9

Houston County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Houston County School Department  
School Federal Projects Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 839,140	\$ 829,173	\$ 1,058,609	\$ (219,469)
Total Revenues	\$ 839,140	\$ 829,173	\$ 1,058,609	\$ (219,469)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 413,511	\$ 409,544	\$ 518,516	\$ 105,005
Special Education Program	336,900	308,703	360,347	23,447
Career and Technical Education Program	14,972	13,200	15,129	157
<u>Support Services</u>				
Other Student Support	6,164	8,566	6,637	473
Regular Instruction Program	41,594	20,361	121,496	79,902
Special Education Program	24,977	67,735	35,419	10,442
Career and Technical Education Program	1,022	1,064	1,064	42
Total Expenditures	\$ 839,140	\$ 829,173	\$ 1,058,608	\$ 219,468
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 1	\$ (1)
Net Change in Fund Balance	\$ 0	\$ 0	\$ 1	\$ (1)
Fund Balance, July 1, 2016	100,000	100,000	100,000	0
Fund Balance, June 30, 2017	\$ 100,000	\$ 100,000	\$ 100,001	\$ (1)

## Exhibit J-10

Houston County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Houston County School Department  
Central Cafeteria Fund  
For the Year Ended June 30, 2017

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 258,632	\$ 255,000	\$ 255,000	\$ 3,632
Other Local Revenues	2,890	6,000	6,000	(3,110)
State of Tennessee	715	1,000	1,000	(285)
Federal Government	556,061	476,000	548,772	7,289
Total Revenues	<u>\$ 818,298</u>	<u>\$ 738,000</u>	<u>\$ 810,772</u>	<u>\$ 7,526</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Food Service	\$ 854,490	\$ 738,000	\$ 855,772	\$ 1,282
Total Expenditures	<u>\$ 854,490</u>	<u>\$ 738,000</u>	<u>\$ 855,772</u>	<u>\$ 1,282</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (36,192)</u>	<u>\$ 0</u>	<u>\$ (45,000)</u>	<u>\$ 8,808</u>
Net Change in Fund Balance	\$ (36,192)	\$ 0	\$ (45,000)	\$ 8,808
Fund Balance, July 1, 2016	<u>270,981</u>	<u>270,981</u>	<u>270,981</u>	<u>0</u>
Fund Balance, June 30, 2017	<u><u>\$ 234,789</u></u>	<u><u>\$ 270,981</u></u>	<u><u>\$ 225,981</u></u>	<u><u>\$ 8,808</u></u>

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## MISCELLANEOUS SCHEDULES

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Exhibit K-1

Houston County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Bonds  
For the Year Ended June 30, 2017

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-17
<u>NOTES PAYABLE</u>								
<u>Payable through Highway/Public Works Fund</u>								
Highway Equipment	\$ 255,000	3.35 %	2-27-13	3-21-23	\$ 186,303	\$ 0	\$ 24,287	\$ 162,016
Highway Lawn Equipment	158,730	2.45	12-9-14	12-9-19	126,984	0	31,746	95,238
Total Payable through Highway/Public Works Fund					<u>\$ 313,287</u>	<u>\$ 0</u>	<u>\$ 56,033</u>	<u>\$ 257,254</u>
<u>Payable through General Debt Service Fund</u>								
E-911 Communications Tower and Equipment	221,000	2.45	8-17-05	12-9-17	\$ 39,755	\$ 0	\$ 18,389	\$ 21,366
Library Renovation	75,000	4.19	4-8-09	4-6-19	22,500	0	7,500	15,000
Airport Maintenance	70,000	3.49	7-9-09	7-10-19	28,000	0	7,000	21,000
School Repair	500,000	3.3	12-20-10	12-1-18	149,039	0	55,556	93,483
Sheriff Vehicles	105,000	3.25	10-31-12	10-31-17	42,000	0	21,000	21,000
Fire Station Buildings and Equipment (Extension)	54,978	3	6-21-13	6-21-19	28,693	0	9,294	19,399
Election Office Building	62,000	3.25	7-10-13	7-10-23	51,141	0	5,689	45,452
Hospital Computers and Equipment	400,000	3.05	1-6-14	1-6-20	266,666	0	66,667	199,999
Fire Engine and Equipment (Extension)	100,000	2.76	8-8-14	8-8-17	67,658	0	33,234	34,424
Hospital Ultrasound Equipment	67,000	3.03	8-8-14	8-8-20	55,833	0	11,167	44,666
Hospital X-ray Equipment	70,000	2.44	4-13-15	4-13-20	56,000	0	14,000	42,000
Emergency Response Facility (Extension)	150,000	2.95	7-22-15	7-22-24	150,000	0	16,667	133,333
Ambulance and Equipment	118,000	2.90	4-13-16	4-13-22	118,000	0	19,667	98,333
Board of Education Capital Outlay Notes, Series 2016	150,000	2.98	5-26-16	5-26-28	150,000	0	12,500	137,500
Fire Department - Pumper & Equipment	264,336	3.95	7-20-16	7-20-25	0	264,336	70,000	194,336
Fire Department - Rescue Tools	27,096	3.75	7-26-16	7-26-25	0	27,096	0	27,096
Danville Park,	250,000	3.59	4-10-17	4-10-23	0	250,000	0	250,000
Total Payable through General Debt Service Fund					<u>\$ 1,225,285</u>	<u>\$ 541,432</u>	<u>\$ 368,330</u>	<u>\$ 1,398,387</u>
Total Notes Payable					<u>\$ 1,538,572</u>	<u>\$ 541,432</u>	<u>\$ 424,363</u>	<u>\$ 1,655,641</u>

(Continued)

Exhibit K-1

Houston County, Tennessee  
Schedule of Changes in Long-term Notes, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-16	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-17
<b><u>OTHER LOANS PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
Jail Construction and Courthouse Renovations	\$ 1,800,000	variable %	10-21-1999	5-25-24	\$ 863,000	\$ 0	\$ 90,000	\$ 773,000
School Construction	10,000,000	variable	1-31-00	5-25-27	5,894,000	0	415,000	5,479,000
Jail Construction and Courthouse Renovations	1,000,000	variable	9-7-01	5-25-26	560,000	0	44,000	516,000
Jail Construction and Courthouse Renovations	646,200	(1) variable	4-26-02	5-25-20	169,200	0	51,000	118,200
Total Other Loans Payable					<u>\$ 7,486,200</u>	<u>\$ 0</u>	<u>\$ 600,000</u>	<u>\$ 6,886,200</u>
<b><u>BONDS PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
Industrial Park Development (FmHA)	478,000	4 to 5	10-13-1977	10-1-16	\$ 20,000	\$ 0	\$ 20,000	\$ 0
Fire Truck	128,500	4.625	12-28-02	12-28-17	22,560	0	11,025	11,535
General Obligation Refunding Bond, Series 2015	7,500,000	3.125	9-14-15	9-14-52	7,417,000	0	112,991	7,304,009
Total Bonds Payable					<u>\$ 7,459,560</u>	<u>\$ 0</u>	<u>\$ 144,016</u>	<u>\$ 7,315,544</u>

(1) Total amount approved was \$1,200,000, of which \$553,800 remains available for draws as of June 30, 2017.

Exhibit K-2

Houston County, Tennessee  
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2018	\$ 426,455	\$ 54,214	\$ 480,669
2019	333,239	41,796	375,035
2020	278,965	32,021	310,986
2021	160,555	23,391	183,946
2022	150,435	18,071	168,506
2023	131,815	13,085	144,900
2024	61,354	8,638	69,992
2025	54,203	6,570	60,773
2026	33,620	4,712	38,332
2027	12,500	745	13,245
2028	12,500	373	12,873
Total	<u>\$ 1,655,641</u>	<u>\$ 203,616</u>	<u>\$ 1,859,257</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2018	\$ 631,000	\$ 66,108	\$ 93,763	\$ 790,871
2019	662,000	60,050	85,244	807,294
2020	645,200	53,695	76,307	775,202
2021	668,000	47,501	67,504	783,005
2022	701,000	41,088	58,486	800,574
2023	737,000	34,358	49,023	820,381
2024	774,000	27,283	39,073	840,356
2025	679,000	19,853	28,488	727,341
2026	713,000	13,334	19,321	745,655
2027	676,000	6,490	9,576	692,066
Total	\$ 6,886,200	\$ 369,760	\$ 526,785	\$ 7,782,745

Continued



## Exhibit K-2

Houston County, Tennessee  
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2018	\$ 128,235	\$ 226,733	\$ 354,968
2019	120,300	222,600	342,900
2020	124,100	218,800	342,900
2021	128,050	214,850	342,900
2022	132,150	210,750	342,900
2023	136,300	206,600	342,900
2024	140,650	202,250	342,900
2025	145,050	197,850	342,900
2026	149,700	193,200	342,900
2027	154,500	188,400	342,900
2028	159,300	183,600	342,900
2029	164,400	178,500	342,900
2030	169,550	173,350	342,900
2031	174,950	167,950	342,900
2032	180,500	162,400	342,900
2033	186,200	156,700	342,900
2034	192,100	150,800	342,900
2035	198,250	144,650	342,900
2036	204,450	138,450	342,900
2037	210,950	131,950	342,900
2038	217,750	125,150	342,900
2039	224,400	118,500	342,900
2040	231,600	111,300	342,900
2041	238,900	104,000	342,900
2042	246,600	96,300	342,900
2043	254,450	88,450	342,900
2044	262,500	80,400	342,900
2045	270,800	72,100	342,900
2046	279,450	63,450	342,900
2047	288,300	54,600	342,900
2048	297,350	45,550	342,900
2049	306,900	36,000	342,900
2050	316,550	26,350	342,900
2051	326,550	16,350	342,900
2052	336,900	6,000	342,900
2053	16,859	0	16,859
Total	\$ 7,315,544	\$ 4,714,883	\$ 12,030,427

Exhibit K-3

Houston County, Tennessee  
Schedule of Notes Receivable  
June 30, 2017

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-17
<u>General Debt Service Fund</u>						
Emergency Communications Tower	Houston County Emergency Communications District	\$ 219,430	6-29-05	9-13-18	4.6 %	<u>\$ 21,351</u>
Total Notes Receivable						<u><u>\$ 21,351</u></u>

## Exhibit K-4

Houston County, Tennessee  
Schedule of Transfers  
For the Year Ended June 30, 2017

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Special Purpose	Hospital	Operations	<u>\$ 510,078</u>
Total Transfers			<u><u>\$ 510,078</u></u>

Exhibit K-5

Houston County, Tennessee  
Schedule of Salaries and Official Bonds of Principal Officials  
Primary Government and Discretely Presented Houston County School Department  
For the Year Ended June 30, 2017

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	74,097	\$ 370,069	Auto-Owners Insurance Company
Road Superintendent	Section 8-24-102, <i>TCA</i>	70,572	100,000	"
Director of Schools	State Board of Education and County Board of Education	90,100 (1)	400,000	Tennessee Risk Management Trust
Trustee	Section 8-24-102, <i>TCA</i>	64,152	491,422	Auto-Owners Insurance Company
Assessor of Property	Section 8-24-102, <i>TCA</i>	64,152	50,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	64,152	50,000	"
Circuit, General Sessions, and Juvenile Courts Clerk:				
Sharon Tomlinson (7-1-16 through 5-31-17)	Section 8-24-102, <i>TCA</i>	58,806	100,000	"
Donna Vincent (6-1-17 through 6-30-17)	Section 8-24-102, <i>TCA</i>	5,346	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> and Chancery Court Judge	64,152 (2)	50,000	"
Register of Deeds	Section 8-24-102, <i>TCA</i>	64,152	50,000	"
Sheriff	Section 8-24-102, <i>TCA</i>	70,572 (3)	100,000	"
Employee Blanket Bonds:				
County Mayor and Road Superintendent:				
All Employees			400,000	Local Government Property and Casualty Fund
Director of Schools:				
All Employees			400,000	Tennessee Risk Management Trust

(1) Includes a chief executive officer training supplement of \$1,000.

(2) Does not include special commissioner fees of \$12,540.

(3) Does not include a law enforcement training supplement of \$600.

## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu- tional Officers - Fees
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,317,419	\$ 196,185	\$ 390,452	\$ 0	\$ 0
Discount on Property Taxes	(21,233)	(1,795)	(6,741)	0	0
Trustee's Collections - Prior Year	102,390	8,658	32,602	0	0
Trustee's Collections - Bankruptcy	158	13	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	73,503	6,222	23,335	0	0
Interest and Penalty	20,237	1,712	6,424	0	0
Pickup Taxes	50	4	16	0	0
Payments in-Lieu-of Taxes - T.V.A.	418	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	20,923	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	76,309	0	0	0	0
Hotel/Motel Tax	18,691	0	0	0	0
Wheel Tax	0	0	0	0	0
Litigation Tax - General	15,777	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	5,721	0	0	0	0
Business Tax	14,580	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	12,575	0	0	0	0
Wholesale Beer Tax	16,560	0	0	0	0
Interstate Telecommunications Tax	478	0	0	0	0
Other Statutory Local Taxes	0	3,651	0	0	0
Total Local Taxes	\$ 2,674,556	\$ 214,650	\$ 446,088	\$ 0	\$ 0

(Continued)

## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 1,637	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 1,637	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 2,223	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,492	0	0	0	0
Jail Fees	567	0	0	0	0
Data Entry Fee - Circuit Court	352	0	0	0	0
<u>General Sessions Court</u>					
Fines	6,383	0	0	0	0
Officers Costs	12,204	0	0	0	0
Game and Fish Fines	650	0	0	0	0
Drug Control Fines	0	0	0	32,187	0
Jail Fees	1,629	0	0	0	0
Data Entry Fee - General Sessions Court	1,875	0	0	0	0
<u>Juvenile Court</u>					
Fines	284	0	0	0	0
Officers Costs	615	0	0	0	0
Data Entry Fee - Juvenile Court	850	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	2,053	0	0	0	0
Data Entry Fee - Chancery Court	3,399	0	0	0	0
Courtroom Security Fee	276	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 35,852	\$ 0	\$ 0	\$ 32,187	\$ 0

(Continued)

## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 2,597	\$ 0	\$ 0	\$ 0
Patient Charges	603,553	0	0	0	0
Other General Service Charges	27,150	0	0	0	0
<u>Fees</u>					
Airport Fees	4,025	0	0	0	0
Copy Fees	5,186	0	0	0	0
Archives and Records Management Fee	5	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0
Telephone Commissions	13,827	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	66,857
Special Commissioner Fees/Special Master Fees	0	0	0	0	12,540
Data Processing Fee - Register	2,766	0	0	0	0
Sexual Offender Registration Fee - Sheriff	2,300	0	0	0	0
Data Processing Fee - County Clerk	558	0	0	0	0
Total Charges for Current Services	\$ 659,420	\$ 2,597	\$ 0	\$ 0	\$ 79,397
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Lease/Rentals	\$ 30,025	\$ 0	\$ 0	\$ 0	\$ 0
Commissary Sales	6,763	0	0	0	0
Sale of Recycled Materials	0	5,129	0	0	0
Miscellaneous Refunds	28,823	0	0	0	0
<u>Nonrecurring Items</u>					
Sale of Equipment	7,550	0	0	0	0

(Continued)

## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu- tional Officers - Fees
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 5,223	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 78,384	\$ 5,129	\$ 0	\$ 0	\$ 0
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 14,772	\$ 0	\$ 0	\$ 0	\$ 0
Other Officials	2,606	0	0	0	0
<u>Fees In-Lieu-of Salary</u>					
Circuit Court Clerk	17,030	0	0	0	0
General Sessions Court Clerk	33,077	0	0	0	0
Clerk and Master	49,968	0	0	0	0
Juvenile Court Clerk	5,517	0	0	0	0
Register	34,430	0	0	0	0
Sheriff	5,568	0	0	0	0
Trustee	141,435	0	0	0	0
Total Fees Received From County Officials	\$ 304,403	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 9,090	\$ 0	\$ 0	\$ 0	\$ 0
Airport Maintenance Program	231	0	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	6,000	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	25,720	0	0	0	0
Other Health and Welfare Grants	10,000	0	0	0	0

(Continued)



## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitutional Officers - Fees
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants</u>					
Bridge Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Litter Program	31,654	0	0	0	0
<u>Other State Revenues</u>					
Income Tax	1,332	0	0	0	0
Resort District Sales Tax	85,669	0	0	0	0
Beer Tax	18,415	0	0	0	0
Alcoholic Beverage Tax	0	24,101	0	0	0
State Revenue Sharing - T.V.A.	151,628	35,000	0	0	0
Contracted Prisoner Boarding	80,895	0	0	0	0
Gasoline and Motor Fuel Tax	7,411	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,165	0	0	0	0
Other State Grants	14,500	0	0	0	0
Other State Revenues	128,612	0	0	0	0
Total State of Tennessee	\$ 586,322	\$ 59,101	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	0	0	0
Homeland Security Grants	1,500	0	0	0	0
Law Enforcement Grants	5,017	0	0	0	0
Other Federal through State	3,290	0	0	0	0
Total Federal Government	\$ 9,807	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu- tional Officers - Fees
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 158,140	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	16,198	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 174,338</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 4,524,719</u>	<u>\$ 281,477</u>	<u>\$ 446,088</u>	<u>\$ 32,187</u>	<u>\$ 79,397</u>

(Continued)

## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 12,262	\$ 0	\$ 0	\$ 0	\$ 2,916,318
Discount on Property Taxes	(112)	0	0	0	(29,881)
Trustee's Collections - Prior Year	541	1	0	0	144,192
Trustee's Collections - Bankruptcy	1	13	0	0	185
Circuit Clerk/Clerk and Master Collections - Prior Years	389	0	0	0	103,449
Interest and Penalty	107	4	0	0	28,484
Pickup Taxes	0	0	0	0	70
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	418
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	20,923
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	76,309
Hotel/Motel Tax	0	0	0	0	18,691
Wheel Tax	0	339,310	0	0	339,310
Litigation Tax - General	0	0	0	0	15,777
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	5,721
Business Tax	0	0	0	0	14,580
<u>Statutory Local Taxes</u>					
Bank Excise Tax	0	0	0	0	12,575
Wholesale Beer Tax	0	0	0	0	16,560
Interstate Telecommunications Tax	0	0	0	0	478
Other Statutory Local Taxes	0	0	0	0	3,651
Total Local Taxes	\$ 13,188	\$ 339,328	\$ 0	\$ 0	\$ 3,687,810

(Continued)

## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,637
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,637
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,223
Officers Costs	0	0	0	0	2,492
Jail Fees	0	0	0	0	567
Data Entry Fee - Circuit Court	0	0	0	0	352
<u>General Sessions Court</u>					
Fines	0	0	0	0	6,383
Officers Costs	0	0	0	0	12,204
Game and Fish Fines	0	0	0	0	650
Drug Control Fines	0	0	0	0	32,187
Jail Fees	0	0	0	0	1,629
Data Entry Fee - General Sessions Court	0	0	0	0	1,875
<u>Juvenile Court</u>					
Fines	0	0	0	0	284
Officers Costs	0	0	0	0	615
Data Entry Fee - Juvenile Court	0	0	0	0	850
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	2,053
Data Entry Fee - Chancery Court	0	0	0	0	3,399
Courtroom Security Fee	0	0	0	0	276
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 68,039

(Continued)

## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	2,597
Patient Charges	0	0	0	0	603,553
Other General Service Charges	0	0	0	0	27,150
<u>Fees</u>					
Airport Fees	0	0	0	0	4,025
Copy Fees	0	0	0	0	5,186
Archives and Records Management Fee	0	0	0	0	5
Greenbelt Late Application Fee	0	0	0	0	50
Telephone Commissions	0	0	0	0	13,827
Constitutional Officers' Fees and Commissions	0	0	0	0	66,857
Special Commissioner Fees/Special Master Fees	0	0	0	0	12,540
Data Processing Fee - Register	0	0	0	0	2,766
Sexual Offender Registration Fee - Sheriff	0	0	0	0	2,300
Data Processing Fee - County Clerk	0	0	0	0	558
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	741,414
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Lease/Rentals	\$ 0	\$ 0	\$ 0	\$ 0	30,025
Commissary Sales	0	0	0	0	6,763
Sale of Recycled Materials	0	0	0	0	5,129
Miscellaneous Refunds	2,905	0	0	0	31,728
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	0	0	7,550

(Continued)

## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,223
Total Other Local Revenues	\$ 2,905	\$ 0	\$ 0	\$ 0	\$ 86,418
<u>Fees Received From County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,772
Other Officials	0	0	0	0	2,606
<u>Fees In-Lieu-of Salary</u>					
Circuit Court Clerk	0	0	0	0	17,030
General Sessions Court Clerk	0	0	0	0	33,077
Clerk and Master	0	0	0	0	49,968
Juvenile Court Clerk	0	0	0	0	5,517
Register	0	0	0	0	34,430
Sheriff	0	0	0	0	5,568
Trustee	0	0	0	0	141,435
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 304,403
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,090
Airport Maintenance Program	0	0	0	0	231
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	6,000
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	25,720
Other Health and Welfare Grants	0	0	0	0	10,000

(Continued)

Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants</u>					
Bridge Program	\$ 253,376	\$ 0	\$ 0	\$ 0	\$ 253,376
Litter Program	0	0	0	0	31,654
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	1,332
Resort District Sales Tax	0	0	0	0	85,669
Beer Tax	0	0	0	0	18,415
Alcoholic Beverage Tax	0	0	0	0	24,101
State Revenue Sharing - T.V.A.	0	0	0	0	186,628
Contracted Prisoner Boarding	0	0	0	0	80,895
Gasoline and Motor Fuel Tax	1,369,665	0	0	0	1,377,076
Petroleum Special Tax	6,079	0	0	0	6,079
Registrar's Salary Supplement	0	0	0	0	15,165
Other State Grants	15,889	0	0	0	30,389
Other State Revenues	0	0	0	0	128,612
Total State of Tennessee	\$ 1,645,009	\$ 0	\$ 0	\$ 0	\$ 2,290,432
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 0	\$ 70,000	\$ 0	\$ 0	\$ 70,000
Community Development	0	0	81,378	120,346	201,724
Homeland Security Grants	0	0	0	0	1,500
Law Enforcement Grants	0	0	0	0	5,017
Other Federal through State	0	0	0	0	3,290
Total Federal Government	\$ 0	\$ 70,000	\$ 81,378	\$ 120,346	\$ 281,531

(Continued)

## Exhibit K-6

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types (Cont.)

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Total
<hr/>					
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 478,242	\$ 0	\$ 5,569	\$ 641,951
Contracted Services	0	7,500	0	0	23,698
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 485,742</u>	<u>\$ 0</u>	<u>\$ 5,569</u>	<u>\$ 665,649</u>
Total	<u>\$ 1,661,102</u>	<u>\$ 895,070</u>	<u>\$ 81,378</u>	<u>\$ 125,915</u>	<u>\$ 8,127,333</u>



Exhibit K-7

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Houston County School Department  
For the Year Ended June 30, 2017

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 649,858	\$ 0	\$ 0	\$ 649,858
Discount on Property Taxes	(5,955)	0	0	(5,955)
Trustee's Collections - Prior Year	28,680	0	0	28,680
Trustee's Collections - Bankruptcy	54	0	0	54
Circuit Clerk/Clerk and Master Collections - Prior Years	22,450	0	0	22,450
Interest and Penalty	5,675	0	0	5,675
Pickup Taxes	14	0	0	14
Payments in-Lieu-of Taxes - T.V.A.	628	0	0	628
Payments in-Lieu-of Taxes - Local Utilities	31,386	0	0	31,386
<u>County Local Option Taxes</u>				
Local Option Sales Tax	582,732	0	0	582,732
Business Tax	21,870	0	0	21,870
<u>Statutory Local Taxes</u>				
Interstate Telecommunications Tax	702	0	0	702
Total Local Taxes	\$ 1,338,094	\$ 0	\$ 0	\$ 1,338,094
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 612	\$ 0	\$ 0	\$ 612
Total Licenses and Permits	\$ 612	\$ 0	\$ 0	\$ 612
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Regular Day Students	\$ 9,290	\$ 0	\$ 0	\$ 9,290

(Continued)

Exhibit K-7

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>Charges for Current Services (Cont.)</u>				
<u>Education Charges (Cont.)</u>				
Lunch Payments - Children	\$ 0	\$ 0	\$ 153,374	\$ 153,374
Lunch Payments - Adults	0	0	23,800	23,800
Income from Breakfast	0	0	47,680	47,680
A la Carte Sales	0	0	33,778	33,778
Receipts from Individual Schools	21,666	0	0	21,666
Total Charges for Current Services	<u>\$ 30,956</u>	<u>\$ 0</u>	<u>\$ 258,632</u>	<u>\$ 289,588</u>
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 25,159	\$ 0	\$ 1,324	\$ 26,483
E-Rate Funding	119,040	0	0	119,040
Miscellaneous Refunds	29,364	0	1,566	30,930
<u>Nonrecurring Items</u>				
Sale of Equipment	1,000	0	0	1,000
Total Other Local Revenues	<u>\$ 174,563</u>	<u>\$ 0</u>	<u>\$ 2,890</u>	<u>\$ 177,453</u>
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
On-behalf Contributions for OPEB	\$ 32,823	\$ 0	\$ 0	\$ 32,823
<u>State Education Funds</u>				
Basic Education Program	8,083,000	0	0	8,083,000
Early Childhood Education	312,711	0	0	312,711
School Food Service	6,438	0	715	7,153
Other State Education Funds	29,938	0	0	29,938

(Continued)

## Exhibit K-7

Houston County, Tennessee  
Schedule of Detailed Revenues -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

	General Purpose School	Special Revenue Funds		Total
		School Federal Projects	Central Cafeteria	
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds (Cont.)</u>				
Coordinated School Health	\$ 85,538	\$ 0	\$ 0	\$ 85,538
Internet Connectivity	3,516	0	0	3,516
Family Resource Centers	28,945	0	0	28,945
Career Ladder Program	41,278	0	0	41,278
<u>Other State Revenues</u>				
Income Tax	1,998	0	0	1,998
State Revenue Sharing - T.V.A.	227,442	0	0	227,442
Safe Schools	8,520	0	0	8,520
Total State of Tennessee	<u>\$ 8,862,147</u>	<u>\$ 0</u>	<u>\$ 715</u>	<u>\$ 8,862,862</u>
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 0	\$ 352,886	\$ 352,886
USDA - Commodities	0	0	63,819	63,819
Breakfast	0	0	139,356	139,356
Vocational Education - Basic Grants to States	0	22,158	0	22,158
Title I Grants to Local Education Agencies	0	360,168	0	360,168
Special Education - Grants to States	76,584	348,078	0	424,662
Special Education Preschool Grants	0	13,799	0	13,799
Rural Education	0	27,355	0	27,355
Eisenhower Professional Development State Grants	0	67,582	0	67,582
Total Federal Government	<u>\$ 76,584</u>	<u>\$ 839,140</u>	<u>\$ 556,061</u>	<u>\$ 1,471,785</u>
Total	<u>\$ 10,482,956</u>	<u>\$ 839,140</u>	<u>\$ 818,298</u>	<u>\$ 12,140,394</u>

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2017

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	16,600	
Social Security		1,091	
Unemployment Compensation		1	
Employer Medicare		255	
Audit Services		3,033	
Dues and Memberships		1,993	
Legal Services		59,031	
Legal Notices, Recording, and Court Costs		3,696	
Other Contracted Services		1,000	
Total County Commission			\$ 86,700

Board of Equalization

Board and Committee Members Fees	\$	1,000	
Social Security		62	
Unemployment Compensation		8	
Employer Medicare		14	
Total Board of Equalization			1,084

Budget and Finance Committee

Other Salaries and Wages	\$	1,054	
Board and Committee Members Fees		4,000	
Social Security		313	
Employer Medicare		73	
Total Budget and Finance Committee			5,440

Other Boards and Committees

Part-time Personnel	\$	8,912	
Social Security		552	
Unemployment Compensation		86	
Employer Medicare		129	
Travel		50	
Instructional Supplies and Materials		2,952	
Other Supplies and Materials		4,500	
Total Other Boards and Committees			17,181

County Mayor/Executive

County Official/Administrative Officer	\$	74,097	
Accountants/Bookkeepers		24,115	
Clerical Personnel		21,069	
In-service Training		518	
Social Security		7,395	
Unemployment Compensation		175	
Employer Medicare		1,730	
Data Processing Services		9,995	
Dues and Memberships		1,075	
Travel		2,000	
Office Supplies		2,689	
Data Processing Equipment		944	
Total County Mayor/Executive			145,802

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)County Attorney

County Official/Administrative Officer	\$	19,038	
Dues and Memberships		100	
Total County Attorney			\$ 19,138

Election Commission

County Official/Administrative Officer	\$	57,737	
Clerical Personnel		16,422	
Election Commission		2,800	
Election Workers		29,823	
Social Security		5,597	
Unemployment Compensation		586	
Employer Medicare		1,309	
Data Processing Services		2,900	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		2,132	
Maintenance and Repair Services - Office Equipment		3,135	
Rentals		1,200	
Travel		1,905	
Data Processing Supplies		6,213	
Utilities		3,416	
Other Supplies and Materials		5,252	
Data Processing Equipment		2,771	
Total Election Commission			143,373

Register of Deeds

County Official/Administrative Officer	\$	64,152	
Deputy(ies)		15,524	
Social Security		4,940	
Unemployment Compensation		269	
Employer Medicare		1,155	
Dues and Memberships		497	
Office Supplies		1,828	
Data Processing Equipment		2,763	
Office Equipment		3,280	
Total Register of Deeds			94,408

Development

Other Contracted Services	\$	4,510	
Total Development			4,510

Planning

Data Processing Personnel	\$	10,280	
Social Security		637	
Unemployment Compensation		43	
Employer Medicare		149	
Total Planning			11,109

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)General Government (Cont.)Building

Maintenance and Repair Services - Buildings	\$ 6,000	
Building Construction	1,000	
Total Building		\$ 7,000

County Buildings

Custodial Personnel	\$ 22,298	
Social Security	1,382	
Unemployment Compensation	183	
Employer Medicare	323	
Maintenance Agreements	3,098	
Maintenance and Repair Services - Buildings	12,024	
Other Contracted Services	789	
Custodial Supplies	2,453	
Electricity	16,434	
Natural Gas	1,848	
Water and Sewer	3,198	
Building and Contents Insurance	8,000	
Other Construction	8,050	
Total County Buildings		80,080

Other General Administration

Postal Charges	\$ 11,917	
Rentals	4,485	
Data Processing Supplies	3,460	
Total Other General Administration		19,862

FinanceCentral Services

Other Salaries and Wages	\$ 15,040	
Social Security	933	
Unemployment Compensation	98	
Employer Medicare	218	
Total Central Services		16,289

Property Assessor's Office

County Official/Administrative Officer	\$ 64,152	
Secretary(ies)	14,581	
Social Security	4,881	
Unemployment Compensation	117	
Employer Medicare	1,142	
Contracts with Private Agencies	3,627	
Data Processing Services	2,192	
Dues and Memberships	1,050	
Legal Notices, Recording, and Court Costs	97	
Maintenance and Repair Services - Vehicles	597	
Travel	192	
Other Contracted Services	20	

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

Gasoline	\$	166	
Office Supplies		897	
Premiums on Corporate Surety Bonds		397	
Total Property Assessor's Office			\$ 94,108

Reappraisal Program

Laborers	\$	4,091	
Social Security		254	
Unemployment Compensation		70	
Employer Medicare		59	
Data Processing Services		1,083	
Total Reappraisal Program			5,557

County Trustee's Office

County Official/Administrative Officer	\$	64,152	
Clerical Personnel		20,527	
Other Salaries and Wages		3,182	
Social Security		5,447	
Unemployment Compensation		224	
Employer Medicare		1,274	
Data Processing Services		8,131	
Dues and Memberships		402	
Legal Notices, Recording, and Court Costs		134	
Travel		654	
Other Contracted Services		3,498	
Office Supplies		1,811	
Data Processing Equipment		5,598	
Office Equipment		180	
Total County Trustee's Office			115,214

County Clerk's Office

Deputy(ies)	\$	17,095	
Secretary(ies)		26,041	
Clerical Personnel		5,500	
Other Salaries and Wages		7,200	
Social Security		7,405	
Unemployment Compensation		480	
Employer Medicare		1,732	
Contracts with Private Agencies		3,000	
Contributions		888	
Maintenance and Repair Services - Office Equipment		55	
Maintenance and Repair Services - Records		3,225	
Office Supplies		2,368	
Total County Clerk's Office			74,989

Data Processing

Office Equipment	\$	616	
Total Data Processing			616

(Continued)

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	64,152	
Deputy(ies)		19,227	
Clerical Personnel		19,292	
Other Salaries and Wages		5,971	
Jury and Witness Expense		11,263	
Social Security		6,736	
Unemployment Compensation		555	
Employer Medicare		1,575	
Dues and Memberships		462	
Legal Notices, Recording, and Court Costs		311	
Travel		73	
Office Supplies		3,336	
Data Processing Equipment		8,551	
Total Circuit Court			\$ 141,504

General Sessions Judge

Judge(s)	\$	50,926	
Salary Supplements		4,446	
Social Security		3,433	
Employer Medicare		803	
Dues and Memberships		150	
Travel		1,544	
Total General Sessions Judge			61,302

Chancery Court

County Official/Administrative Officer	\$	64,152	
Deputy(ies)		18,926	
Temporary Personnel		275	
Social Security		5,168	
Unemployment Compensation		180	
Employer Medicare		1,209	
Dues and Memberships		462	
Legal Notices, Recording, and Court Costs		30	
Travel		350	
Office Supplies		1,518	
Data Processing Equipment		5,900	
Total Chancery Court			98,170

Juvenile Court

Judge(s)	\$	13,356	
Social Workers		28,480	
Social Security		2,594	
Unemployment Compensation		145	
Employer Medicare		607	
Contracts with Private Agencies		392	
Travel		264	
Other Contracted Services		56	

(Continued)



## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Administration of Justice (Cont.)Juvenile Court (Cont.)

Other Supplies and Materials	\$ 488	
Other Charges	458	
Total Juvenile Court		\$ 46,840

District Attorney General

County Official/Administrative Officer	\$ 2,585	
Total District Attorney General		2,585

Judicial Commissioners

Clerical Personnel	\$ 13,133	
Social Security	814	
Employer Medicare	190	
Other Supplies and Materials	100	
Total Judicial Commissioners		14,237

Public SafetySheriff's Department

County Official/Administrative Officer	\$ 70,572	
Deputy(ies)	263,853	
Salary Supplements	5,400	
Secretary(ies)	16,552	
In-service Training	5,913	
Social Security	22,169	
Unemployment Compensation	1,717	
Employer Medicare	5,231	
Maintenance and Repair Services - Equipment	335	
Maintenance and Repair Services - Office Equipment	1,962	
Maintenance and Repair Services - Vehicles	8,115	
Postal Charges	747	
Travel	21	
Gasoline	26,744	
Law Enforcement Supplies	1,865	
Office Supplies	2,425	
Tires and Tubes	4,858	
Uniforms	1,811	
Other Supplies and Materials	1,959	
Vehicle and Equipment Insurance	4,500	
Data Processing Equipment	1,648	
Law Enforcement Equipment	3,953	
Total Sheriff's Department		452,350

Special Patrols

Deputy(ies)	\$ 4,015	
Social Security	249	
Unemployment Compensation	11	
Employer Medicare	58	
Total Special Patrols		4,333

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Drug Enforcement

Evaluation and Testing	\$	2,340	
Legal Notices, Recording, and Court Costs		60	
Total Drug Enforcement			\$ 2,400

Administration of the Sexual Offender Registry

Law Enforcement Equipment	\$	100	
Total Administration of the Sexual Offender Registry			100

Jail

Guards	\$	260,322	
Secretary(ies)		20,258	
Cafeteria Personnel		24,452	
Social Security		18,912	
Unemployment Compensation		3,100	
Employer Medicare		4,423	
Communication		10,964	
Data Processing Services		900	
Dues and Memberships		1,000	
Maintenance and Repair Services - Buildings		18,751	
Maintenance and Repair Services - Equipment		8,925	
Maintenance and Repair Services - Office Equipment		750	
Medical and Dental Services		106,121	
Pest Control		300	
Postal Charges		747	
Travel		264	
Custodial Supplies		3,909	
Electricity		27,806	
Food Supplies		46,424	
Gasoline		1,153	
Law Enforcement Supplies		799	
Natural Gas		7,165	
Office Supplies		925	
Prisoners Clothing		962	
Uniforms		1,281	
Water and Sewer		13,360	
Other Supplies and Materials		3,919	
Law Enforcement Equipment		340	
Total Jail			588,232

Workhouse

Medical Claims	\$	114,857	
Total Workhouse			114,857

Fire Prevention and Control

Supervisor/Director	\$	30,299	
In-service Training		4,470	
Social Security		1,879	

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Safety (Cont.)Fire Prevention and Control (Cont.)

Unemployment Compensation	\$	140	
Employer Medicare		439	
Travel		979	
Electricity		1,790	
Equipment and Machinery Parts		17,028	
Gasoline		5,726	
Instructional Supplies and Materials		50	
Natural Gas		1,902	
Office Supplies		1,039	
Water and Sewer		544	
Building and Contents Insurance		1,300	
Other Charges		679	
Building Construction		95	
Maintenance Equipment		14,936	
Total Fire Prevention and Control			\$ 83,295

Rural Fire Protection

Maintenance and Repair Services - Equipment	\$	1,500	
Small Tools		27,096	
Motor Vehicles		264,332	
Total Rural Fire Protection			292,928

Other Emergency Management

Supervisor/Director	\$	24,635	
Salary Supplements		5,593	
Dispatchers/Radio Operators		123,857	
Social Security		9,553	
Unemployment Compensation		1,451	
Employer Medicare		2,234	
Communication		6,129	
Contracts with Private Agencies		1,680	
Maintenance and Repair Services - Buildings		1,040	
Maintenance and Repair Services - Office Equipment		1,382	
Pest Control		150	
Postal Charges		99	
Travel		218	
Custodial Supplies		1,030	
Electricity		11,799	
Natural Gas		398	
Office Supplies		1,060	
Water and Sewer		256	
Total Other Emergency Management			192,564

County Coroner/Medical Examiner

Medical Personnel	\$	12,558	
Total County Coroner/Medical Examiner			12,558

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Health and WelfareLocal Health Center

Custodial Personnel	\$	4,800	
Social Security		298	
Unemployment Compensation		96	
Employer Medicare		70	
Communication		3,227	
Contracts with Government Agencies		15,920	
Maintenance and Repair Services - Office Equipment		650	
Electricity		6,261	
Water and Sewer		1,266	
Other Supplies and Materials		295	
Building and Contents Insurance		550	
Other Charges		642	
Total Local Health Center			\$ 34,075

Ambulance/Emergency Medical Services

Supervisor/Director	\$	37,418	
Accountants/Bookkeepers		24,470	
Medical Personnel		241,604	
Paraprofessionals		198,628	
Other Salaries and Wages		425	
In-service Training		1,160	
Social Security		31,158	
Unemployment Compensation		2,833	
Employer Medicare		7,287	
Contracts with Private Agencies		1,110	
Data Processing Services		4,950	
Licenses		1,518	
Maintenance and Repair Services - Buildings		746	
Maintenance and Repair Services - Office Equipment		480	
Maintenance and Repair Services - Vehicles		29,132	
Pest Control		476	
Postal Charges		713	
Travel		115	
Remittance of Revenue Collected		1,894	
Other Contracted Services		250	
Custodial Supplies		1,127	
Drugs and Medical Supplies		37,013	
Electricity		6,383	
Gasoline		19,389	
Office Supplies		2,534	
Uniforms		3,735	
Utilities		3,867	
Water and Sewer		514	
Other Charges		359	
Data Processing Equipment		1,129	
Office Equipment		2,770	
Total Ambulance/Emergency Medical Services			665,187

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Public Health and Welfare (Cont.)Other Local Health Services

Medical Personnel	\$	20,300	
Social Security		1,259	
Unemployment Compensation		140	
Employer Medicare		294	
Office Supplies		39	
Other Supplies and Materials		19	
Other Charges		21,821	
Total Other Local Health Services			\$ 43,872

General Welfare Assistance

Bonus Payments	\$	19,400	
Social Security		1,203	
Unemployment Compensation		6	
Employer Medicare		281	
Total General Welfare Assistance			20,890

Sanitation Education/Information

Laborers	\$	16,981	
Clerical Personnel		6,700	
Social Security		1,468	
Unemployment Compensation		353	
Employer Medicare		343	
Maintenance and Repair Services - Vehicles		41	
Gasoline		1,931	
Other Supplies and Materials		291	
Other Charges		5,055	
Total Sanitation Education/Information			33,163

Social, Cultural, and Recreational ServicesAdult Activities

Contributions	\$	47,890	
Total Adult Activities			47,890

Libraries

Deputy(ies)	\$	19,094	
Librarians		33,252	
Clerical Personnel		18,491	
Part-time Personnel		8,266	
Other Salaries and Wages		1,718	
Social Security		5,085	
Unemployment Compensation		620	
Employer Medicare		1,189	
Dues and Memberships		100	
Janitorial Services		1,532	
Maintenance and Repair Services - Buildings		1,948	
Postal Charges		520	
Travel		197	

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries (Cont.)

Other Contracted Services	\$	300	
Custodial Supplies		600	
Data Processing Supplies		2,104	
Electricity		7,350	
Library Books/Media		11,369	
Natural Gas		687	
Office Supplies		2,825	
Water and Sewer		491	
Other Supplies and Materials		1,120	
Total Libraries			\$ 118,858

Parks and Fair Boards

Custodial Supplies	\$	597	
Electricity		1,111	
Water and Sewer		324	
Total Parks and Fair Boards			2,032

Other Social, Cultural, and Recreational

Contracts with Other Public Agencies	\$	35,400	
Total Other Social, Cultural, and Recreational			35,400

Agriculture and Natural ResourcesAgricultural Extension Service

Assistant(s)	\$	10,673	
Supervisor/Director		12,512	
Secretary(ies)		6,753	
Social Security		1,918	
Local Retirement		2,972	
Travel		2,455	
Office Supplies		1,250	
Data Processing Equipment		539	
Other Equipment		984	
Total Agricultural Extension Service			40,056

Soil Conservation

Board and Committee Members Fees	\$	7,172	
Social Security		445	
Unemployment Compensation		144	
Employer Medicare		104	
Contributions		1,000	
Total Soil Conservation			8,865

Other OperationsTourism

Maintenance Personnel	\$	5,301	
Social Security		329	
Unemployment Compensation		73	

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Other Operations (Cont.)Tourism (Cont.)

Employer Medicare	\$	77	
Contracts with Other Public Agencies		1,618	
Maintenance and Repair Services - Buildings		2,258	
Maintenance and Repair Services - Equipment		7,000	
Electricity		2,746	
Garage Supplies		1,400	
Other Charges		25,000	
Building Improvements		1,250	
Total Tourism			\$ 47,052

Other Economic and Community Development

County Official/Administrative Officer	\$	24,000	
Assistant(s)		9,227	
In-service Training		170	
Social Security		2,060	
Unemployment Compensation		505	
Employer Medicare		482	
Maintenance and Repair Services - Buildings		9,822	
Custodial Supplies		531	
Food Supplies		7,697	
Office Supplies		52	
Utilities		7,682	
Other Supplies and Materials		1,800	
Building and Contents Insurance		2,500	
Other Charges		393	
Office Equipment		849	
Total Other Economic and Community Development			67,770

Airport

Part-time Personnel	\$	18,200	
Social Security		1,128	
Unemployment Compensation		156	
Employer Medicare		264	
Maintenance Agreements		5,796	
Maintenance and Repair Services - Buildings		348	
Diesel Fuel		12,335	
Electricity		1,657	
Water and Sewer		313	
Building and Contents Insurance		1,705	
Total Airport			41,902

Veterans' Services

Supervisor/Director	\$	14,280	
Social Security		885	
Unemployment Compensation		160	
Employer Medicare		207	
Communication		1,254	

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

General Fund (Cont.)Other Operations (Cont.)Veterans' Services (Cont.)

Travel	\$	477	
Electricity		339	
Water and Sewer		116	
Other Supplies and Materials		430	
Total Veterans' Services			\$ 18,148

Other Charges

Medical Insurance	\$	81	
Communication		51,162	
Motor Vehicles		11,069	
Total Other Charges			62,312

Employee Benefits

Medical Insurance	\$	157,683	
Workers' Compensation Insurance		70,057	
Total Employee Benefits			227,740

Payments to Cities

Matching Share	\$	9,669	
Total Payments to Cities			9,669

Miscellaneous

Dues and Memberships	\$	1,736	
Remittance of Revenue Collected		13,212	
Liability Insurance		90,425	
Trustee's Commission		55,451	
Other Charges		1,000	
Total Miscellaneous			161,824

Capital ProjectsGeneral Administration Projects

Building Improvements	\$	23,615	
Total General Administration Projects			23,615

Public Health and Welfare Projects

Motor Vehicles	\$	117,746	
Total Public Health and Welfare Projects			117,746

Social, Cultural, and Recreation Projects

Health Equipment	\$	10,000	
Total Social, Cultural, and Recreation Projects			10,000

Other General Government Projects

Engineering Services	\$	2,739	
Total Other General Government Projects			2,739

Total General Fund \$ 4,891,520

(Continued)



## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Solid Waste/Sanitation FundPublic Health and WelfareConvenience Centers

Equipment Operators	\$	49,210	
Other Salaries and Wages		5,459	
Social Security		3,390	
Unemployment Compensation		401	
Employer Medicare		911	
Communication		736	
Contracts with Private Agencies		196,070	
Evaluation and Testing		5,731	
Operating Lease Payments		12,000	
Maintenance and Repair Services - Equipment		3,588	
Travel		33	
Disposal Fees		2,500	
Diesel Fuel		2,019	
Electricity		2,211	
Water and Sewer		2,200	
Maintenance Equipment		250	
Total Convenience Centers			\$ 286,709

Other OperationsOther Charges

Trustee's Commission	\$	4,865	
Total Other Charges			4,865

Employee Benefits

Medical Insurance	\$	12,914	
Total Employee Benefits			12,914

Total Solid Waste/Sanitation Fund \$ 304,488

Special Purpose FundPublic Health and WelfareOther Local Health Services

Building Improvements	\$	158,009	
Total Other Local Health Services			\$ 158,009

Other OperationsOther Charges

Trustee's Commission	\$	15,787	
Total Other Charges			15,787

Total Special Purpose Fund 173,796

Drug Control FundPublic SafetyDrug Enforcement

Confidential Drug Enforcement Payments	\$	2,500	
Other Supplies and Materials		3,261	

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Drug Control Fund (Cont.)Public Safety (Cont.)Drug Enforcement (Cont.)

Other Charges	\$ 3,028	
Law Enforcement Equipment	130,401	
Total Drug Enforcement		\$ 139,190

Total Drug Control Fund \$ 139,190

Constitutional Officers - Fees FundFinanceCounty Clerk's Office

Constitutional Officers' Operating Expenses	\$ 65,412	
Total County Clerk's Office		\$ 65,412

Administration of JusticeChancery Court

Special Commissioner Fees/Special Master Fees	\$ 12,540	
Total Chancery Court		12,540

Total Constitutional Officers - Fees Fund 77,952

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$ 70,572	
Accountants/Bookkeepers	35,230	
Secretary(ies)	29,069	
Overtime Pay	2,037	
Data Processing Services	8,384	
Dues and Memberships	1,938	
Freight Expenses	758	
Operating Lease Payments	1,230	
Legal Notices, Recording, and Court Costs	156	
Postal Charges	141	
Printing, Stationery, and Forms	134	
Travel	1,439	
Office Supplies	732	
Other Charges	699	
Total Administration		\$ 152,519

Highway and Bridge Maintenance

Foremen	\$ 34,278	
Equipment Operators	208,832	
Truck Drivers	145,021	
Laborers	54,785	
Overtime Pay	5,295	
Other Contracted Services	1,140	
Asphalt - Cold Mix	7,628	
Asphalt - Hot Mix	1,861	

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Asphalt - Liquid	\$	64,251	
Concrete		4	
Crushed Stone		135,661	
Ice		1,492	
Pipe - Metal		10,098	
Road Signs		1,541	
Wood Products		2,466	
Other Supplies and Materials		425	
Total Highway and Bridge Maintenance			\$ 674,778

Operation and Maintenance of Equipment

Mechanic(s)	\$	53,129	
Overtime Pay		1,376	
Maintenance and Repair Services - Equipment		3,169	
Maintenance and Repair Services - Vehicles		2,866	
Diesel Fuel		52,824	
Equipment and Machinery Parts		31,177	
Garage Supplies		9,197	
Gasoline		10,043	
Lubricants		2,913	
Small Tools		1,978	
Tires and Tubes		14,873	
Vehicle Parts		18,312	
Total Operation and Maintenance of Equipment			201,857

Other Charges

Communication	\$	6,493	
Contracts with Private Agencies		940	
Janitorial Services		3,026	
Pest Control		300	
Rentals		1,148	
Custodial Supplies		218	
Drugs and Medical Supplies		234	
Electricity		6,278	
Natural Gas		2,618	
Water and Sewer		571	
Other Supplies and Materials		36	
Trustee's Commission		14,061	
Vehicle and Equipment Insurance		15,630	
Liability Claims		1,000	
Other Charges		4,369	
Total Other Charges			56,922

Employee Benefits

Social Security	\$	36,570	
Life Insurance		8,805	
Medical Insurance		120,731	

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

Highway/Public Works Fund (Cont.)Highways (Cont.)Employee Benefits (Cont.)

Unemployment Compensation	\$ 5,330	
Employer Medicare	8,553	
Laundry Service	5,096	
Workers' Compensation Insurance	39,203	
Total Employee Benefits		\$ 224,288

Capital Outlay

Engineering Services	\$ 36,171	
Bridge Construction	219,800	
Building Improvements	5,857	
Highway Equipment	4,950	
Office Equipment	1,150	
Total Capital Outlay		267,928

Principal on DebtHighways and Streets

Principal on Notes	\$ 56,033	
Total Highways and Streets		56,033

Interest on DebtHighways and Streets

Interest on Notes	\$ 8,771	
Total Highways and Streets		8,771

Total Highway/Public Works Fund \$ 1,643,096

General Debt Service FundPrincipal on DebtGeneral Government

Principal on Bonds	\$ 144,016	
Principal on Notes	300,274	
Principal on Other Loans	185,000	
Total General Government		\$ 629,290

Education

Principal on Notes	\$ 68,056	
Principal on Other Loans	415,000	
Total Education		483,056

Interest on DebtGeneral Government

Interest on Bonds	\$ 231,686	
Interest on Notes	28,202	
Interest on Other Loans	37,361	
Total General Government		297,249

(Continued)

## Exhibit K-8

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types (Cont.)

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt (Cont.)</u>			
<u>Education</u>			
Interest on Notes	\$	8,474	
Interest on Other Loans		<u>128,495</u>	
Total Education			\$ 136,969
<u>Other Debt Service</u>			
<u>General Government</u>			
Trustee's Commission	\$	<u>7,926</u>	
Total General Government			<u>7,926</u>
Total General Debt Service Fund			\$ 1,554,490
<u>General Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Industrial Development</u>			
Consultants	\$	14,475	
Building Construction		<u>79,650</u>	
Total Industrial Development			<u>\$ 94,125</u>
Total General Capital Projects Fund			94,125
<u>Community Development/Industrial Park Fund</u>			
<u>Other Operations</u>			
<u>Other Economic and Community Development</u>			
Engineering Services	\$	13,991	
Other Construction		<u>111,924</u>	
Total Other Economic and Community Development			<u>\$ 125,915</u>
Total Community Development/Industrial Park Fund			125,915
<u>Other Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Health and Welfare Projects</u>			
Other Construction	\$	<u>5,805</u>	
Total Public Health and Welfare Projects			<u>\$ 5,805</u>
Total Other Capital Projects Fund			<u>5,805</u>
Total Governmental Funds - Primary Government			<u><u>\$ 9,010,377</u></u>

## Exhibit K-9

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Houston County School Department  
For the Year Ended June 30, 2017

General Purpose School FundInstructionRegular Instruction Program

Teachers	\$	3,267,586	
Career Ladder Program		24,700	
Homebound Teachers		7,820	
Educational Assistants		135,321	
Other Salaries and Wages		92,548	
Non-certified Substitute Teachers		60,528	
Social Security		209,767	
Pensions		298,545	
Life Insurance		4,566	
Medical Insurance		265,119	
Employer Medicare		49,058	
Other Contracted Services		34,435	
Instructional Supplies and Materials		41,335	
Textbooks - Bound		19,050	
Other Supplies and Materials		5,082	
Other Charges		125	
Regular Instruction Equipment		36,734	
Total Regular Instruction Program			\$ 4,552,319

Special Education Program

Teachers	\$	347,692	
Career Ladder Program		1,000	
Homebound Teachers		240	
Educational Assistants		90,125	
Non-certified Substitute Teachers		7,370	
Social Security		24,824	
Pensions		29,471	
Medical Insurance		58,064	
Employer Medicare		5,806	
Instructional Supplies and Materials		1,321	
Other Supplies and Materials		1,643	
Special Education Equipment		421	
Total Special Education Program			567,977

Career and Technical Education Program

Teachers	\$	200,383	
Non-certified Substitute Teachers		1,610	
Social Security		11,083	
Pensions		18,512	
Medical Insurance		30,271	
Employer Medicare		2,592	
Instructional Supplies and Materials		564	
Total Career and Technical Education Program			265,015

(Continued)

## Exhibit K-9

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)Support ServicesAttendance

Supervisor/Director	\$	18,050	
Social Security		1,074	
Pensions		1,632	
Medical Insurance		1,093	
Employer Medicare		251	
In Service/Staff Development		1,392	
Attendance Equipment		763	
Total Attendance			\$ 24,255

Health Services

Supervisor/Director	\$	41,717	
Medical Personnel		14,455	
Other Salaries and Wages		2,310	
Non-certified Substitute Teachers		110	
Social Security		3,616	
Pensions		209	
Medical Insurance		94	
Employer Medicare		846	
Travel		3,227	
Drugs and Medical Supplies		383	
Other Supplies and Materials		35,007	
Total Health Services			101,974

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		149,810	
School Resource Officer		14,500	
Social Security		8,490	
Pensions		13,633	
Medical Insurance		11,286	
Employer Medicare		1,986	
Evaluation and Testing		3,740	
Total Other Student Support			204,445

Regular Instruction Program

Supervisor/Director	\$	193,323	
Career Ladder Program		3,000	
Librarians		165,268	
Social Security		21,384	
Pensions		30,505	
Medical Insurance		27,594	
Employer Medicare		5,001	
Travel		638	
Library Books/Media		7,000	
In Service/Staff Development		9,556	
Other Equipment		763	
Total Regular Instruction Program			464,032

(Continued)

## Exhibit K-9

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Alternative Instruction Program

Supervisor/Director	\$	48,082	
Career Ladder Program		1,000	
Social Security		2,526	
Pensions		4,437	
Medical Insurance		6,992	
Employer Medicare		591	
Maintenance and Repair Services - Equipment		1,055	
Total Alternative Instruction Program			\$ 64,683

Special Education Program

Supervisor/Director	\$	38,443	
Career Ladder Program		1,000	
Psychological Personnel		58,262	
Social Security		5,900	
Pensions		8,832	
Medical Insurance		2,300	
Employer Medicare		1,380	
Travel		1,017	
Other Contracted Services		40,997	
Other Supplies and Materials		267	
In Service/Staff Development		1,133	
Other Charges		210	
Total Special Education Program			159,741

Technology

Instructional Computer Personnel	\$	83,138	
Social Security		4,791	
Medical Insurance		8,078	
Employer Medicare		1,120	
Internet Connectivity		29,920	
Travel		546	
Other Contracted Services		17,016	
Total Technology			144,609

Other Programs

On-behalf Payments to OPEB	\$	32,823	
Total Other Programs			32,823

Board of Education

Board and Committee Members Fees	\$	5,100	
Social Security		314	
Unemployment Compensation		13,461	
Employer Medicare		74	
Audit Services		3,500	
Dues and Memberships		5,200	
Legal Services		17,584	

(Continued)



## Exhibit K-9

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Board of Education (Cont.)

Other Contracted Services	\$	7,496	
Liability Insurance		151,533	
Trustee's Commission		38,318	
Workers' Compensation Insurance		121,561	
In Service/Staff Development		2,062	
Criminal Investigation of Applicants - TBI		1,738	
Other Charges		6,164	
Total Board of Education			\$ 374,105

Director of Schools

County Official/Administrative Officer	\$	89,100	
Assistant(s)		5,000	
Career Ladder Program		1,000	
Secretary(ies)		32,500	
Clerical Personnel		31,500	
Social Security		9,153	
Pensions		8,603	
Medical Insurance		18,184	
Employer Medicare		2,141	
Communication		7,092	
Dues and Memberships		1,938	
Postal Charges		2,722	
In Service/Staff Development		2,506	
Other Charges		52	
Administration Equipment		100	
Total Director of Schools			211,591

Office of the Principal

Principals	\$	266,855	
Career Ladder Program		2,000	
Assistant Principals		10,217	
Secretary(ies)		95,045	
Clerical Personnel		56,900	
Social Security		24,992	
Pensions		25,228	
Medical Insurance		29,298	
Employer Medicare		5,845	
Communication		11,841	
Dues and Memberships		3,600	
Other Supplies and Materials		3,286	
In Service/Staff Development		499	
Total Office of the Principal			535,606

Fiscal Services

Accountants/Bookkeepers	\$	77,000	
Social Security		4,662	

(Continued)

## Exhibit K-9

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Fiscal Services (Cont.)

Employer Medicare	\$	1,090	
Other Contracted Services		13,193	
Data Processing Supplies		565	
Office Supplies		5,795	
In Service/Staff Development		1,580	
Total Fiscal Services			\$ 103,885

Operation of Plant

Guards	\$	28,712	
Custodial Personnel		180,148	
Other Salaries and Wages		38,050	
Social Security		14,832	
Medical Insurance		22,929	
Employer Medicare		3,469	
Rentals		12,000	
Disposal Fees		6,110	
Other Contracted Services		16,381	
Custodial Supplies		21,821	
Electricity		351,558	
Natural Gas		39,221	
Water and Sewer		61,848	
Other Supplies and Materials		821	
Boiler Insurance		4,351	
Other Charges		142	
Plant Operation Equipment		9,500	
Total Operation of Plant			811,893

Maintenance of Plant

Maintenance Personnel	\$	87,086	
Social Security		5,316	
Medical Insurance		6,796	
Employer Medicare		1,243	
Maintenance and Repair Services - Buildings		28,691	
Maintenance and Repair Services - Equipment		20,204	
Other Contracted Services		55,000	
Other Supplies and Materials		4,935	
Total Maintenance of Plant			209,271

Transportation

Supervisor/Director	\$	41,705	
Mechanic(s)		70,862	
Bus Drivers		145,707	
Other Salaries and Wages		20,763	
Social Security		16,062	
Medical Insurance		19,362	
Employer Medicare		3,757	

(Continued)

## Exhibit K-9

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)Support Services (Cont.)Transportation (Cont.)

Communication	\$	2,155	
Maintenance and Repair Services - Vehicles		16,747	
Medical and Dental Services		2,970	
Rentals		1,346	
Travel		40	
Other Contracted Services		1,569	
Garage Supplies		3,945	
Gasoline		53,751	
Lubricants		3,281	
Tires and Tubes		13,829	
Vehicle Parts		46,325	
Other Supplies and Materials		1,913	
In Service/Staff Development		2,062	
Other Charges		912	
Transportation Equipment		95,282	
Total Transportation			\$ 564,345

Operation of Non-instructional ServicesFood Service

Supervisor/Director	\$	32,809	
Social Security		1,855	
Medical Insurance		4,117	
Employer Medicare		434	
Total Food Service			39,215

Community Services

Supervisor/Director	\$	19,500	
Other Salaries and Wages		6,150	
Social Security		1,585	
Employer Medicare		371	
Travel		414	
Other Supplies and Materials		505	
Other Equipment		421	
Total Community Services			28,946

Early Childhood Education

Supervisor/Director	\$	35,485	
Teachers		136,096	
Educational Assistants		58,959	
Other Salaries and Wages		35,715	
Non-certified Substitute Teachers		2,740	
Social Security		16,418	
Pensions		15,511	
Medical Insurance		808	
Employer Medicare		3,840	
Instructional Supplies and Materials		2,894	

(Continued)

## Exhibit K-9

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

General Purpose School Fund (Cont.)Operation of Non-instructional Services (Cont.)Early Childhood Education (Cont.)

Other Supplies and Materials	\$ 3,740	
Other Charges	505	
Total Early Childhood Education		\$ 312,711

Capital OutlayRegular Capital Outlay

Consultants	\$ 500	
Building Improvements	85,567	
Total Regular Capital Outlay		86,067

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$ 476,530	
Total Education		<u>476,530</u>

Total General Purpose School Fund \$ 10,336,038

School Federal Projects FundInstructionRegular Instruction Program

Teachers	\$ 200,873	
Educational Assistants	95,030	
Non-certified Substitute Teachers	3,150	
Social Security	17,575	
Pensions	18,159	
Medical Insurance	31,565	
Employer Medicare	4,110	
Other Contracted Services	18,411	
Instructional Supplies and Materials	13,049	
Regular Instruction Equipment	11,589	
Total Regular Instruction Program		\$ 413,511

Special Education Program

Teachers	\$ 53,655	
Educational Assistants	92,271	
Speech Pathologist	76,009	
Non-certified Substitute Teachers	3,530	
Social Security	13,247	
Pensions	11,711	
Medical Insurance	11,760	
Employer Medicare	3,098	
Instructional Supplies and Materials	71,103	
Other Supplies and Materials	516	
Total Special Education Program		336,900

(Continued)

## Exhibit K-9

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

School Federal Projects Fund (Cont.)Instruction (Cont.)Career and Technical Education Program

Other Contracted Services	\$	108	
Instructional Supplies and Materials		4,495	
Other Supplies and Materials		1,927	
Vocational Instruction Equipment		8,442	
Total Career and Technical Education Program			\$ 14,972

Support ServicesOther Student Support

Travel	\$	3,385	
In Service/Staff Development		2,779	
Total Other Student Support			6,164

Regular Instruction Program

Other Salaries and Wages	\$	5,398	
Social Security		335	
Pensions		488	
Employer Medicare		78	
Other Contracted Services		21,348	
In Service/Staff Development		13,311	
Other Charges		636	
Total Regular Instruction Program			41,594

Special Education Program

Other Contracted Services	\$	21,466	
Other Supplies and Materials		2,110	
In Service/Staff Development		1,401	
Total Special Education Program			24,977

Career and Technical Education Program

Travel	\$	922	
In Service/Staff Development		100	
Total Career and Technical Education Program			1,022

Total School Federal Projects Fund \$ 839,140

Central Cafeteria FundOperation of Non-instructional ServicesFood Service

Cafeteria Personnel	\$	277,469	
Social Security		17,011	
Medical Insurance		12,566	
Employer Medicare		3,978	
Communication		2,226	
Maintenance and Repair Services - Equipment		33,999	
Travel		1,874	
Other Contracted Services		1,462	

(Continued)

Exhibit K-9

Houston County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Houston County School Department (Cont.)

Central Cafeteria Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Food Supplies	\$	341,287	
USDA - Commodities		63,819	
Other Supplies and Materials		43,897	
In Service/Staff Development		838	
Other Charges		14,881	
Food Service Equipment		<u>39,183</u>	
Total Food Service			<u>\$ 854,490</u>

Total Central Cafeteria Fund			<u>\$ 854,490</u>
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Total Governmental Funds - Houston County School Department			<u><u>\$ 12,029,668</u></u>
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Houston County, Tennessee  
Schedule of Detailed Receipts, Disbursements,  
and Changes in Cash Balance - City Agency Fund  
For the Year Ended June 30, 2017

	<u>Cities - Sales Tax Fund</u>
<u>Cash Receipts</u>	
Local Option Sales Tax	\$ 512,805
Total Cash Receipts	<u>\$ 512,805</u>
<u>Cash Disbursements</u>	
Remittance of Revenues Collected	\$ 507,680
Trustee's Commission	<u>5,125</u>
Total Cash Disbursements	<u>\$ 512,805</u>
Excess of Cash Receipts Over (Under)	
Cash Disbursements	\$ 0
Cash Balance, July 1, 2016	<u>0</u>
Cash Balance, June 30, 2017	<u><u>\$ 0</u></u>

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## SINGLE AUDIT SECTION

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JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Houston County Mayor and  
Board of County Commissioners  
Houston County, Tennessee

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Houston County's basic financial statements, and have issued our report thereon dated January 31, 2018. Our report includes a reference to other auditors who audited the financial statements of the Houston County Community Hospital, as described in our report on Houston County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Houston County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Houston County's internal control. Accordingly, we do not express an opinion on the effectiveness of Houston County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency: 2017-006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Houston County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2017-001, 2017-002, 2017-003, 2017-004, and 2017-005.

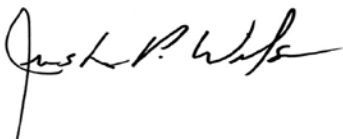
### **Houston County's Responses to the Findings**

Houston County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Houston County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Houston County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 31, 2018

JPW/sb



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Chief of Staff*

**Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Houston County Mayor and  
Board of County Commissioners  
Houston County, Tennessee

To the County Mayor and Board of County Commissioners:

**Report on Compliance for Each Major Federal Program**

We have audited Houston County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Houston County's major federal programs for the year ended June 30, 2017. Houston County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Houston County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Houston County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Houston County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Houston County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of Houston County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Houston County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Houston County's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

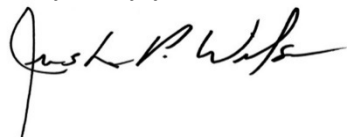
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Houston County, Tennessee, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Houston County's basic financial statements. We issued our report thereon dated January 31, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson  
Comptroller of the Treasury  
Nashville, Tennessee

January 31, 2018

JPW/sb

Houston County, Tennessee, and the Houston County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2)  
For the Year Ended June 30, 2017

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster: (3)			
School Breakfast Program	10.553	N/A	\$ 139,356
National School Lunch Program	10.555	N/A	352,886 (7)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (3)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	63,819 (7)
Cooperative Forestry Assistance	10.664	32510-09217	2,675
Direct Program:			
Community Facilities Loans and Grants	10.766	N/A	70,000
Total U.S. Department of Agriculture			<u>\$ 628,736</u>
U.S. Department of Defense:			
Passed-through State Department of General Services:			
Section 1033 Excess Property Program (Noncash Assistance)	12.U01	N/A	\$ 7,913 (8)
Total U.S. Department of Defense			<u>\$ 7,913</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	(4)	\$ 201,724
Total U.S. Department of Housing and Urban Development			<u>\$ 201,724</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	31601-23614	\$ 90
Total U.S. Department of Justice			<u>\$ 90</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(5)	\$ 5,017
Total U.S. Department of Transportation			<u>\$ 5,017</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State:			
Grants to States	45.310	30405-00517-49	\$ 615
Total U.S. Institute of Museum and Library Services			<u>\$ 615</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 360,168
Special Education Cluster: (3)			
Special Education - Grants to States	84.027	N/A	424,662
Special Education - Preschool Grants	84.173	N/A	13,799
Career and Technical Education - Basic Grants to States	84.048	N/A	22,158
Rural Education	84.358	N/A	27,355
Improving Teacher Quality State Grants	84.367	N/A	67,582
Total U.S. Department of Education			<u>\$ 915,724</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Small Rural Hospital Improvement Grant Program	93.301	(6)	\$ 10,422
Total U.S. Department of Health and Human Services			<u>\$ 10,422</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	31401-25916	\$ 1,500
Total U.S. Department of Homeland Security			<u>\$ 1,500</u>
Total Expenditures of Federal Awards			<u>\$ 1,771,741</u>

(Continued)

Houston County, Tennessee, and the Houston County School Department  
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
ConnecTenn Grant - State Department of Education	N/A	(6)	\$ 3,516
Early Childhood Education - State Department of Education	N/A	(6)	312,711
Coordinated School Health - State Department of Education	N/A	(6)	85,538
Family Resource Center - State Department of Education	N/A	(6)	28,945
Safe Schools - State Department of Education	N/A	(6)	8,520
Juvenile Justice and Delinquency Prevention - State Commission on Children and Youth	N/A	GG-10-29741-01	9,000
Airport Maintenance Program - State Department of Transportation	N/A	AERO011687	231
Preventive Health and Human Services - State Department of Health	N/A	GG-17-49983	25,720
Access to Health and Healthy Active Built Environments - State Department of Health	N/A	Z-17-151083	10,000
Three Star Economic Development Grant - State Department of Economic and Community Development	N/A	33007-64717	10,000
Archives Development Grant - Tennessee Secretary of State	N/A	30504-01417-09	4,500
Litter Grant - State Department of Transportation	N/A	Z-17-LIT-042	31,654
Disaster Grant - Public Assistance (Presidentially Declared Disasters) - State Department of Military	N/A	FEMA-1974 -DR-TN	15,889
Total State Grants			<u>\$ 546,224</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

(1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) Houston County elected not to use the 10% de minimus cost rate permitted in the Uniform Guidance.

(3) Child Nutrition Cluster total \$556,061; Special Education Cluster total \$438,461.

(4) 33004-79413: \$81,378; 33004-09915: \$120,346.

(5) Z-16-GHS160: \$3,338; Z-17-THS194: \$1,679.

(6) Information not available.

(7) Total for CFDA No. 10.555 is \$416,705.

(8) During the year ended June 30, 2017, Houston County received excess military equipment from the U.S. Department of Defense valued at \$7,913.

Houston County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2017

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Houston County, Tennessee, for the year ended June 30, 2017.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
<b><u>OFFICE OF COUNTY MAYOR</u></b>					
2016	174	2016-001	The Office did not File a Report on Debt Obligation with the State Comptroller's Office for Two Debt Issuances	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>OFFICE OF ROAD SUPERINTENDENT</u></b>					
2016	175	2016-002	The Highway Department Violated the Conflict of Interest Statute and Made Purchases from a Business Owned by a County Commissioner	N/A	Corrected
<b><u>OFFICE OF COUNTY CLERK</u></b>					
2016	175	2016-003	The Office did not Review its Software Audit Logs	N/A	Corrected
2016	176	2016-004	Username and Passwords were Shared by Employees	N/A	Corrected
2016	176	2016-005	A Cash Shortage of at least \$3,553.15 Existed in the Office of County Clerk on May 10, 2016	N/A	Corrected
<b><u>OFFICE OF GENERAL SESSIONS AND JUVENILE COURTS CLERK</u></b>					
2016	177	2016-006	Bank Statements were not Accurately Reconciled with the General Ledgers	N/A	Corrected
2016	177	2016-007	The General Sessions and Juvenile Courts Execution Docket Trial Balances did not Reconcile with Cash Journal Accounts	N/A	Not Corrected - See Explanation on Corrective Action Plan
<b><u>AMBULANCE SERVICE AND OFFICES OF DIRECTOR OF SCHOOLS; COUNTY CLERK; CIRCUIT, GENERAL SESSIONS, AND JUVENILE COURTS CLERK; REGISTER OF DEEDS; AND SHERIFF</u></b>					
2016	178	2016-008	Duties were not Segregated Adequately	N/A	Corrected for Circuit, General Sessions, and Juvenile Courts Clerk, and Sheriff Not Corrected for Other Offices - See Explanation on Corrective Action Plan

***Prior-year Federal Awards Findings***

There were no prior-year federal award findings to report.



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**HOUSTON COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2017**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

1. Our report on the financial statements of Houston County is unmodified.
2. Internal Control Over Financial Reporting:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **YES**

**Federal Awards:**

4. Internal Control Over Major Federal Programs:
  - \* Material weakness identified? **NO**
  - \* Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
  - \* CFDA Numbers: 10.553 and 10.555      Nutrition Cluster: School Breakfast Program and National School Lunch Program
  - \* CFDA Number 14.228      Community Development Block Grants - State's Program
  - \* CFDA Number 84.010      Title I Grants to Local Educational Agencies
8. Dollar threshold used to distinguish between Type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **NO**

## **PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS**

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

### **OFFICE OF COUNTY MAYOR**

#### **FINDING 2017-001**

#### **GENERAL FUND APPROPRIATIONS EXCEEDED ESTIMATED AVAILABLE FUNDING**

(Material Noncompliance Under *Government Auditing Standards*)

The budget and subsequent amendments approved by the county commission for the General Fund resulted in appropriations exceeding estimated available funding by \$293,957. Sound budgetary principles dictate that appropriations be held within estimated available funding. This deficiency was the result of a lack of management oversight.

#### **RECOMMENDATION**

Appropriations that exceed estimated available funding should not be submitted to the county commission, and the county commission should not approve such appropriations.

#### **MANAGEMENT'S RESPONSE – COUNTY MAYOR**

We concur with this finding. The General Fund didn't overspend the appropriation. The County Mayor's Office made sure purchase orders were managed to ensure there was no deficit at year-end.

#### **AUDITOR'S COMMENT**

While it is true that actual expenditures did not exceed appropriations, the budget and subsequent amendments resulted in budgeted expenditures exceeding estimated available funding. Estimated available funding is a combination of budgeted revenues plus estimated beginning fund balance.

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FINDING 2017-002

**THE OFFICE DID NOT FILE REPORTS ON DEBT OBLIGATION WITH THE STATE COMPTROLLER'S OFFICE IN A TIMELY MANNER**

(Noncompliance Under *Government Auditing Standards*)

The office did not file Reports on Debt Obligation with the state Comptroller's Office for tax anticipation notes in a timely manner. On August 17, 2016, the county issued a \$15,000 Tax Anticipation Note from the General Debt Service Fund to the Solid Waste/Sanitation Fund. On August 12, 2016, and October 4, 2016, the county issued \$240,200 and \$105,000 Tax Anticipation Notes, respectively, from the General Debt Service Fund to the Special Purpose Fund. The office did not file the Reports on Debt Obligation with the state Comptroller's Office for these notes until January 31, 2017, when it was brought to their attention during the audit. Section 9-21-151, *Tennessee Code Annotated (TCA)*, requires that within 45 days following the issuance of debt, a county must provide to the state Comptroller's Office certain information, such as a description of the purchase for which the debt was issued, a description of the debt obligation, and an itemized description of the cost of issuance. This deficiency was the result of a lack of management oversight. Also, this deficiency was the result of management's failure to correct the finding noted in the prior-year audit report and the failure to implement their corrective action plan.

RECOMMENDATION

The office should file a Report on Debt Obligation with the state Comptroller's Office for each debt issuance within 45 days following the issuance of the debt as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. When it was brought to our attention, the reporting period had already passed. The county commission only meets every other month; therefore, scheduling does not coordinate with the 45-day requirement. Houston County does not have enough activities to justify meeting each month.

AUDITOR'S COMMENT

Section 9-21-151, *TCA*, also states, "If an open meeting of the governing body is not scheduled within the forty-five day period, then the public entity shall give a copy to each member of the body within such period and present the information in subdivision (c)(1) to the body at the next scheduled meeting."

FINDING 2017-003

**THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES**

(Noncompliance Under *Government Auditing Standards*)

System backups were not stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied

to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper backup procedures were implemented in March 2017.

#### RECOMMENDATION

Management should ensure backups are rotated to a secure off-site location on a weekly basis.

#### MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding and will ensure backups are in a secure off-site location on a weekly basis.

---

#### OFFICE OF GENERAL SESSIONS AND JUVENILE COURTS CLERK

##### FINDING 2017-004

##### **THE GENERAL SESSIONS AND JUVENILE COURTS EXECUTION DOCKET TRIAL BALANCES DID NOT RECONCILE WITH CASH JOURNAL ACCOUNTS**

(Noncompliance Under *Government Auditing Standards*)

At June 30, 2017, the general sessions and juvenile courts clerk had prepared trial balances of execution docket cause balances as required by Section 18-2-103, *Tennessee Code Annotated (TCA)*. However, the trial balances did not reconcile with cash journal accounts. The clerk held unidentified funds of \$10,889 in General Sessions and Juvenile Courts, which included \$2,611 carried forward from a former clerk who left office August 31, 2006, and \$8,278 from the previous clerk who left office on May 31, 2017. Therefore, we were unable to determine if the clerk had complied with the provisions of the Unclaimed Property Act, Section 66-29-110, *TCA*. This statute provides that any funds held by the court for more than one year and unclaimed by the owner are considered abandoned. Section 66-29-113, *TCA*, further requires these funds to be reported and paid to the state Treasurer's Office. This deficiency exists due to a lack of effort by management to correct the finding noted in prior-year audit reports and the failure to implement their corrective action plan.

#### RECOMMENDATION

Execution docket trial balances should be reconciled with cash journal accounts. Any funds held by the court for one year and unclaimed by the owner are considered abandoned and should be reported and paid to the state Treasurer's Office in compliance with state statute.

## MANAGEMENT'S RESPONSE – GENERAL SESSIONS AND JUVENILE COURTS CLERK

I concur with this finding that the General Sessions and Juvenile Courts execution docket trial balances did not reconcile with cash journal accounts. This was a repeat finding, and I will review each transaction for each individual case to properly distribute the funds per the court order. However, in the matter of pending cases, those funds cannot be distributed until the final disposition of the cases in question.

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## OFFICE OF SHERIFF

### FINDING 2017-005

### **AN INVESTIGATION OF THE SHERIFF'S OFFICE DISCLOSED DEFICIENCIES IN THE MAINTENANCE OF PROPERTY AND EVIDENCE RECORDS**

(Noncompliance Under *Government Auditing Standards*)

An investigation by the Comptroller's Division of Investigations disclosed discrepancies and weaknesses in the documentation and handling process surrounding property and evidence. Details of the investigation can be found in a report dated September 25, 2017, released by the Division of Investigations section of the Comptroller's Office at [www.comptroller.tn.gov/ia](http://www.comptroller.tn.gov/ia).

## MANAGEMENT'S RESPONSE – SHERIFF

I concur with this finding, and a corrective plan of action is in place.

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## AMBULANCE SERVICE AND OFFICES OF DIRECTOR OF SCHOOLS, COUNTY CLERK, AND REGISTER OF DEEDS

### FINDING 2017-006

### **DUTIES WERE NOT SEGREGATED ADEQUATELY**

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Duties were not segregated adequately among the officials and employees at the Ambulance Service and in the Offices of Director of Schools, County Clerk, and Register of Deeds. Officials and employees responsible for maintaining accounting records in these offices were also involved in receipting, depositing, disbursing, and/or reconciling bank statements. Sound business practices dictate that management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report and the failure to implement their corrective action plans.

## RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

## MANAGEMENT'S RESPONSE – COUNTY MAYOR

We concur with this finding. We will implement segregation of duties at the Ambulance Service when the county commission approves money to hire additional staff.

## MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur with the finding that duties were not segregated adequately and, as noted on our employee segregation of duties matrix, have restructured bookkeeping duties to meet compliance standards as referenced in the audit report.

## MANAGEMENT'S RESPONSE – COUNTY CLERK

I concur with the audit finding. I do not have the funds available in my budget to hire additional employees.

## MANAGEMENT'S RESPONSE – REGISTER OF DEEDS

We concur with the finding. We segregate duties when possible, but there are days that I work alone or my deputy register works alone making it impossible to set aside certain jobs for each person. Hopefully in the future, I will be allotted an increase in deputy salary to employ a full-time deputy register that will enable us to segregate the duties more to the standard of the State of Tennessee.

## AUDITOR'S COMMENT

The Comptroller's Office and County Technical Assistance Service have provided guidelines to assist officials in properly segregating duties. These guidelines include suggestions for small offices with as few as two employees. We have not recommended hiring additional employees. We realize that due to limited resources and personnel, management may not be able to fully segregate duties among employees. However, duties should be segregated to the extent possible.

### **PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs related to federal awards for the year ended June 30, 2017.

**Houston County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2017**

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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**OFFICE OF COUNTY MAYOR**

2017-001	General Fund Appropriations Exceeded Estimated Available Funding	194
2017-002	The Office did not File Reports on Debt Obligation with the State Comptroller's Office in a Timely Manner	195
2017-003	The Office had Deficiencies in Computer System Backup Procedures	196

**OFFICE OF GENERAL SESSIONS AND JUVENILE COURTS CLERK**

2017-004	The General Sessions and Juvenile Courts Execution Docket Trial Balances did not Reconcile with Cash Journal Accounts	197
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**OFFICE OF SHERIFF**

2017-005	An Investigation of the Sheriff's Office Disclosed Deficiencies in the Maintenance of Property and Evidence Records	198
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**AMBULANCE SERVICE AND OFFICES OF DIRECTOR OF SCHOOLS, COUNTY CLERK, AND REGISTER OF DEEDS**

2017-006	Duties were not Segregated Adequately - Ambulance Service	193
2017-006	Duties were not Segregated Adequately - Director of Schools	199
2017-006	Duties were not Segregated Adequately - County Clerk	200
2017-006	Duties were not Segregated Adequately - Register of Deeds	201





Houston County Courthouse  
P. O. Box 366 • Erin, Tennessee 37061

**GEORGE E. CLARK**  
County Mayor

Phone: 931-289-3633  
Fax: 931-289-2799

**Corrective Action Plan**

**FINDING:**

**DUTIES WERE NOT SEGREGATED ADEQUATELY AT THE  
AMBULANCE SERVICE**  
(Internal Control – Significant Deficiency Under *Government  
Auditing Standards*)

**Response and Corrective Action Plan Prepared by:**

Stephen Graybill, Ambulance Director

**Person Responsible for Implementing the Corrective Action:**

Stephen Graybill, Ambulance Director

**Anticipated Completion Date of Corrective Action:**

unknown

**Repeat Finding:**

Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

The lack of funding by County Commission  
**Planned Corrective Action:**

Will implement segregation of duties when Commission approve money to  
hire additional staff.

A handwritten signature in black ink, appearing to be "J. Graybill", written over a horizontal line.

**FINDING:**

**GENERAL FUND APPROPRIATIONS EXCEEDED  
ESTIMATED AVAILABLE FUNDING**  
(Material Noncompliance Under *Government Auditing  
Standards*)

**Response and Corrective Action Plan Prepared by:**

George E. Clark, County Mayor

**Person Responsible for Implementing the Corrective Action:**

George E. Clark, County Mayor and Budget Committee Chairman

**Anticipated Completion Date of Corrective Action:**

July 1, 2017

**Repeat Finding:** No

**Reason Corrective Action was Not Taken in the Prior Year:**

**Planned Corrective Action:**

The General Funds didn't over spend the appropriation.  
The County Mayor Office made sure purchase orders were managed in the  
County Mayors office to make sure that there was no deficit at years end.

Signature:

A handwritten signature in black ink, appearing to read "G. E. Clark", is written over a horizontal line.

**FINDING:** THE OFFICE DID NOT FILE REPORTS ON DEBT  
OBLIGATION WITH THE STATE COMPTROLLER'S OFFICE  
IN A TIMELY MANNER  
(Noncompliance Under *Government Auditing Standards*)

**Response and Corrective Action Plan Prepared by:**

George E. Clark, County Mayor

**Person Responsible for Implementing the Corrective Action:**

George E. Clark, County Mayor

**Anticipated Completion Date of Corrective Action:**

July 1, 2017

**Repeat Finding:**

Yes

**Reason Corrective Action was Not Taken in the Prior Year:**

Soon as it was brought to our attention it was to late, to correct FY 18.

**Planned Corrective Action:**

The Legislative Body only meets every other month, therefore scheduling does not coordinate with the 45 days requirement. Houston County does not have enough activities to justify meeting each month.







Houston County Courthouse  
P. O. Box 366 ♦ Erin, Tennessee 37061

**GEORGE E. CLARK**  
*County Mayor*

hcexecutive@peoplestel.net  
Phone: 931-289-3633  
Fax: 931-289-2799

*Corrective Action Plan*

**FINDING: THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM  
BACKUP PROCEDURES**

**Response and Corrective Action Plan Prepared by:**

Name, Title George E. Clark, Houston County, County Mayor

**Person Responsible for Implementing the Corrective Action:**

Name, George E. Clark, County Mayor

**Anticipated Completion Date of Corrective Action:**

Date: September 13, 2017

**Repeat Finding:**

No

**Planned Corrective Action:**

Houston County will continue to ensure backups are rotated to a secure off-site location on a weekly basis.

Signature:

A handwritten signature in blue ink, appearing to read "G. E. Clark", written over a horizontal line.





# Houston County

## CIRCUIT, GENERAL SESSIONS & JUVENILE COURTS

P.O. Box 414 • Erin, Tennessee 37061 • Telephone: (931) 289-4673

### Corrective Action Plan

FINDING: THE GENERAL SESSION AND JUVENILE COURTS  
EXECUTION DOCKET TRIAL BALANCES DID NOT  
RECONCILE WITH CASH JOURNAL ACCOUNTS  
(Noncompliance Under Government Auditing Standards)

Response and Corrective Action Plan Prepared by:  
Donna S. Vincent, Circuit, General Sessions & Juvenile Court Clerk

Person Responsible for Implementing the Corrective Action:  
Donna S. Vincent, Circuit, General Sessions & Juvenile Court Clerk

Anticipated Completion Date of Correction Action:  
June 30, 2018

Repeat Finding:  
Yes

Reason Corrective Action was Not Taken in the Prior Year?  
Previous clerk retired on June 1, 2017 and 30 days was not sufficient time for me to  
complete the task.

Planned Corrective Action:  
I will review each transaction for each individual case to properly distribute the funds per  
the court order. However, in the matter of the pending cases, those funds cannot be  
distributed until the final disposition of the cases in question.

Signature: \_\_\_\_\_

*Donna Vincent*



# Houston County SHERIFF'S OFFICE

3330 Highway 149  
Erin, Tennessee 37061

KEVIN L. SUGG, Sheriff

(931) 289-4614 Fax: (931) 289-5579

## Corrective Action Plan

**FINDING:** AN INVESTIGATION OF THE SHERIFF'S OFFICE DISCLOSED  
DEFICIENCIES IN THE MAINTENANCE OF PROPERTY AND  
EVIDENCE RECORDS  
(Noncompliance Under *Government Auditing Standards*)

**Response and Corrective Action Plan Prepared by:**  
Kevin Sugg, Sheriff

**Person Responsible for Implementing the Corrective Action:**  
Kevin Sugg, Sheriff

**Anticipated Completion Date of Corrective Action:**  
June 1, 2018

**Repeat Finding:**  
No

**Planned Corrective Action:**

The Houston County Sheriff's Office will be making the necessary changes to better ensure the maintenance of property and evidence records. All evidence that is not currently inventoried properly that is currently in the evidence room will be updated correctly in the records system or destroyed in accordance with policy.

Signature: \_\_\_\_\_

Houston County  
BOARD OF EDUCATION

P.O. Box 209  
Erin, Tennessee 37061  
Telephone: (931) 289-4148  
Fax: (931) 289-5543



**KRIS McASKILL**, Director  
**JEFF MATHIS**, Board Chairman

**Corrective Action Plan**

**FINDING:**            **DUTIES WERE NOT SEGREGATED ADEQUATELY**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

**Response and Corrective Action Plan Prepared by:**  
Kris McAskill, Director of Schools

**Person Responsible for Implementing the Corrective Action:**  
Kris McAskill, Director of Schools

**Anticipated Completion Date of Corrective Action:**  
June 30, 2018

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:** Because our school system is small and we have few central office personnel responsible for bookkeeping responsibilities our ability to segregate duties has been a challenge. The Houston County School System works to ensure that all instructional, managerial, and fiscal rules and regulations are adhered to. In addition, although segregation of duties is cited as an area that remains and continues to be monitored and referenced by auditors, we have taken steps of corrective action to remediate this concern. To document action steps that reference segregation of duty concerns we have implemented an internal controls model that involves regular monthly meetings and a review of each bookkeeper's books, office manager's documentation, and payroll records. This meeting is conducted by the Director of Schools and Assistant Director of Schools. Each office is cross-referenced and records reconciled and discussed by each employee. No employee is now perceived to have isolated fiscal responsibilities and will be reviewed questioned as part of a fiscal team.

**Planned Corrective Action:**

Houston County Schools will take additional steps to address the finding of Segregation of Duties by adding additional responsibilities to an existing employee not currently cited in the internal matrix. This task can be done by defining some of the responsibilities such as but not limited to receiving checks in the mail, receipting, and depositing. This employee will also continue to be part of the monthly internal control meetings.

Signature: \_\_\_\_\_

*Kris McAskill*

*Robert R. Brown*

**Houston County Clerk**

P.O. Box 388  
Erin, Tennessee 37061

Telephone  
931-289-3141/931-289-4165

Fax  
931-289-2603

**Corrective Action Plan**

**FINDING: DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE  
OFFICE OF COUNTY CLERK**

**Response and Corrective Action Plan Prepared by:**

Robert R. Brown, County Clerk

**Person Responsible for Implementing the Corrective Action:**

Robert R. Brown, County Clerk

**Anticipated Completion Date of Corrective Action:**

Not in the near future

**Repeat Finding:**

Yes

**Reason Corrective Action was not Taken in the Prior Year:**

Planned to ask for additional funds for hiring enough employees to correct finding. Instead funding was cut by Legislative Body. Also, lost two part-time employees who left for better paying jobs.

**Planned Corrective Action:**

No plans due to lack of funds for hiring additional employees and present personnel schedules.

*Robert R. Brown*

Robert R. Brown





**Sherrill P. Moore**  
*Register of Deeds*

Houston County Courthouse  
P.O. Box 412  
Erin, Tennessee 37061

Phone: (931) 289-3510

**Corrective Action Plan**

**Finding: DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE  
OFFICE OF Register of Deeds  
(Internal Control – Control Deficiency Under Government Auditing Standards)**

**Response and Corrective Action Plan Prepared by:  
Sherrill P. Moore, Register of Deeds**

**Anticipated Completion Date of Correction Action:**

**At the present time I do not see a specific date in the future for additional help within the Register's Office. On the days there are 2 of us working we do implement the sharing of the duties.**

**Repeat Finding:  
Yes**

**Reason Corrective Action was Not Taken in the Prior Year:  
Limited Personnel.**

**Planned Corrective Action:**

**On the days that it is a two person office, one person goes to get the mail, the other person opens the mail, then both of us receipt and record the documents received in the mail, in addition to the documents brought by Fed Ex and UPS and customers that come in to record their documents. One of us adds the checks for deposits and runs the reports of the deposit and collection register and the other one takes it to the bank. I only have a part time employee at this time but I am planning to teach her to log in the receipts in the cash journal and reconcile the monthly bank statements after she learns the duties associated with the recording part of the office.**

*Sherrill P. Moore* 11-27-17  
**Sherrill P. Moore, Register**

## **BEST PRACTICE**

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Houston County.

### **HOUSTON COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING**

Houston County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing processes. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the county commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.